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STANDBY CAPITAL IMPROVEMENT ACT OF 1962

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HEARINGS

BEFORE THE

COMMITTEE ON PUBLIC WORKS
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

SECOND SESSION

ON

H.R. 10113

TO ESTABLISH AN OFFICE OF PUBLIC WORKS COORDINATION AND ACCELERATION; TO AUTHORIZE THE PREPARATION OF A PLAN FOR ACCELERATION OF PUBLIC WORKS WHEN NECESSARY TO AVOID SERIOUS NATIONWIDE UNEMPLOYMENT LEVELS; AND FOR OTHER PURPOSES

H.R. 10318

TO HELP ACHIEVE THE OBJECTIVES OF THE EMPLOYMENT ACT OF 1946 BY PROVIDING STANDBY AUTHORITY TO ACCELERATE CAPITAL EXPENDITURE PROGRAMS OF THE FEDERAL GOVERNMENT AND STATE AND LOCAL PUBLIC BODIES

MARCH 26, 27, 28, 29, 30, APRIL 2, 3, 4, 5, AND 6, 1962

Printed for the use of the Committee on Public Works

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U.S. GOVERNMENT PRINTING OFFICE

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STANDBY CAPITAL IMPROVEMENTS ACT OF 1962

MONDAY, MARCH 26, 1962

House of Representatives,
Committee on Public Works,
Washington, D.C.

The commitee met, pursuant to call, at 10:15 a.m., in room 1302, New House Office Building, the Hon. George H. Fallon presiding.

Mr. Fallon. Ladies and gentlemen, the Committee on Public Works is meeting this morning for the consideration of H.R. 10113 and H.R. 10318, known as the Standby Capital Improvements Act of 1962.

(The bills referred to are as follows:)

[H.R. 10113, 87th Cong., 2d sess.]

A BILL To establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Works Coordination and Acceleration Act".

Sec. 2. (a) The Congress finds that there have been periodic declines in business activity causing severe unemployment and resulting in persistently high unemployment levels, loss of production and loss of purchasing power, and that repetition of these periodic recessions can be avoided, or their impact lessened, by prompt remedial action by the Federal Government as authorized in this Act. The promotion of maximum employment, production, and purchasing power is the continuing policy and responsibility of the Federal Government. The Congress also finds that virtually every community in the Nation has a backlog of needed capital improvement projects, and that a quick and effective means of increasing employment and expenditures is by accelerating the construction of such projects. Thus, in addition to being a useful economic means for increasing employment and stabilizing the economy, public works construction will also meet long-standing public needs, improve community services, and enhance the health and welfare of the citizens of the Nation.

(b) It is the purpose of this Act to provide the necessary machinery to keep the President and the Congress informed on the status of public works construction and planning and to enable the President to take quick and effective action to stimulate the economy by inaugurating a program of needed capital improvements when unemployment indicators reveal persistently high levels of unemployment or indicate the beginning of a recessional pattern in the economy. In the furtherance of this purpose, the Act provides the President in such periods with standby authority (1) to increase immediately expenditures for direct Federal programs of capital improvements previously authorized by the Congress, and (2) to furnish incentives through Federal financial assistance to State and local governmental bodies to accelerate their capital improvement programs through the initiation of projects which can be begun promptly and completed over a reasonably short period of time. It is the intent of Congress that departments and agencies of the Federal, State, and local governments should make necessary advance plans for capital improvement projects in order to enable them to act promptly whenever the President initiates the program authorized by this Act.

Sec. 3. There is hereby established the Office of Public Works Coordination and Acceleration (hereinafter referred to as the "Office"). The Office shall be

administered by a Director of Public Works Coordination and Acceleration (hereinafter referred to as the "Director"). There shall be a Deputy Director. The Director and the Deputy Director shall be appointed by the President by and with the advice and consent of the Senate. The Director shall receive compensation at the rate of $20,000 per annum, and the Deputy Director at the rate of $18,500 per annum.

SEC. 4. The Director shall encourage the coordination of planning policies for the construction of public works in the United States, and for this purpose shall—

(1) collect all necessary information from the head of each department, instrumentality, and agency of the Federal Government, and of State and local governments, having authority to construct public works.

(2) review such information and determine—

(A) what public works projects have been or are in the process of being planned for construction,

(B) what public works projects are required to meet national, regional, and community growth and economic development,

(C) what are the present policies of the various departments, agencies, and instrumentalities with respect to planning public works, and

(D) the extent to which the policies of each such department, agency, and instrumentality should be coordinated with an overall policy with respect to public works planning and construction, and methods for such coordination.

(3) report from time to time as he deems necessary but not less often than once each year to the President and Congress—

(A) all public works which are in the process of being constructed, those which have been or are being planned, and those which should be planned,

(B) any other recommendations with respect to planning and coordination of public works.

SEC. 5. The Director shall, to the fullest extent possible, cooperate with all departments, agencies, and instrumentalities of State and local governments to insure the greatest possible planning and coordination of public works projects at all levels of government.

SEC. 6. The Director is authorized to make such rules and regulations as may be necessary to carry out the purposes of this Act.

SEC. 7. (a) The Director is authorized to establish such advisory committees and to consult with such persons and organizations as he many deem necessary to carry out this Act.

(b) The Director shall, in carrying out this Act, utilize to the fullest extent possible the services, facilities, and information of all departments, agencies, and instrumentalities of Government as well as private agencies in order to avoid duplication of effort and expense, and all the departments, agencies, and instrumentalities of the Federal Government shall provide the Director with such services, facilities, and information as he may determine necessary to accomplish the objectives of this Act on a nonreimbursable basis.

SEC. 8. (a) The Director is authorized and directed to prepare and to keep current at all times a public works plan which shall have as its basic purpose the acceleration of the construction of public works necessary to increase employment and to stabilize the economy when required to offset declines in economic activity.

(b) The public works plan authorized by subsection (a) of this section—

(1) shall provide for the acceleration of those Federal public works projects which have been authorized by Congress through the allocation of funds under this Act.

(2) shall provide for the acceleration of those public works projects of States and local governments for which Federal financial assistance is authorized under other provisions of law through the allocation of funds under this Act.

(3) shall give priority to those public works projects which can—

(A) be commenced within sixty days of the date the plan takes effect;

(B) meet essential public need;

(C) contribute significantly to the reduction of unemployment.

(c) All grants-in-aid made from allocations made by the Director under this Act shall be made by the head of the department, agency, or instrumentality of the Federal Government administering the law authorizing such grants in accordance with all of the provisions of such law, except (1) provisions requiring allocation of funds among the States, and (2) limitations upon the total amount of such grants for any period.

(d) Not more than 12½ per centum of all amounts allocated by the Director under this Act shall be made available to projects within any one State.

SEC. 9. (a) The plan which the Director is required to establish under section 8 of this Act shall go into effect, and the Director shall have authority to carry out the provisions of such plan, only during those periods when the President shall declare the plan to be in effect except that no such declaration shall be made unless—

(1) data compiled and published by the Secretary of Labor shows (A) that the national unemployment rate, adjusted for seasonal variations, has risen in three of the four most recent consecutive months for which data is available, and (B) that the national unemployment rate, adjusted for seasonal variations, has risen by not less than 0.5 per centum during such period, or

(2) data compiled and published by the Secretary of Labor shows that the national unemployment rate, adjusted for seasonal variations, has exceeded 5 per centum during four of the six most recent consecutive months for which such data is available.

(b) Whenever the President declares the plan authorized by section 8 of this Act to be in effect, such plan shall remain in effect until terminated by the President, or until the end of the twelfth full month which begins after the date such period begins, whichever first occurs.

SEC. 10. (a) During any period when the President has declared the public works plan authorized by subsection (a) of section 8 of this Act to be in effect, the Director is authorized to allocate—

(1) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the construction of Federal public works projects, such amounts as he determines necessary for the acceleration of the construction of such projects, and

(2) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of laws authorizing Federal financial assistance to public works projects of States and local governments, such amounts as he determines necessary for the acceleration of the construction of such projects through such Federal financial assistance.

(b) The total of all allocations made by the Director under paragraph (1) of subsection (a) of this section shall not exceed $500,000,000, and the total of all allocations made under paragraph 2 of subsection (a) of this section shall not exceed $1,500,000,000.

(c) Any allocation made under this section may be obligated immediately by the head of the department, agency, or instrumentality to whom it is made and shall continue to be available for obligation until the termination of the period during which the plan is in effect.

(d) There is hereby authorized to be appropriated such sums as may be necessary to liquidate obligations incurred under authority of subsection (c) of this section, and to otherwise carry out this Act.

SEC. 11. No part of any allocation made by the Director under subsection (a) of section 10 of this Act shall be made available to any State or local government for any public works project unless such project results in a net increase in the current annual level of expenditures of such government for capital improvement projects. The head of each department, agency, and instrumentality of the Federal Government administering any program for financial assistance which receives an allocation under subsection (a) of section 10 of this Act shall promulgate such rules and regulations governing the review of expenditures for capital improvement projects of applicants for assistance from such allocation as may be necessary to carry out this section.

SEC. 12. Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new subsection:

"(e) During any period when the President has declared the public works plan authorized by section 8 of the Public Works Coordination and Acceleration Act to be in effect, the Administrator is authorized to make a grant-in-aid from any allocation made for such purpose under such Coordination and Acceleration

Act to any public entity described in clause (1) or (2) of subsection (a) of this section of not to exceed 50 per centum of the cost of construction of any project for public works or facilities, if such project would be eligible (without regard to the restrictions and limitations of subsections (b) and (c) and the proviso of subsection (d) of this section) for financial assistance under subsection (a) of this section."

SEC. 13. Section 702 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding any other provision of this section, no advance made under this section for the planning of any public works project shall be required to be repaid if—

"(1) construction of such project is begun within two years of the date of completion of the plan as determined by the Administrator, or

"(2) construction of such project is begun (during a period when the President has declared the public works plan authorized by section 8 of the Public Works Coordination and Acceleration Act to be in effect) as a result of a grant-in-aid made from an allocation made under such Coordination and Acceleration Act."

[H.R. 10318, 87th Cong., 2d sess.]

A BILL To help achieve the objectives of the Employment Act of 1946 by providing standby authority to accelerate capital expenditure programs of the Federal Government and State and local public bodies

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Stand-by Capital Improvements Act of 1962".

FINDINGS AND PURPOSE

SEC. 2. The continuing policy and responsibility of the Federal Government as declared by the Employment Act of 1946 is to use all practicable means, consistent with other essential considerations of national policy, to promote maximum employment, production, and purchasing power. The Congress finds that there have been periodic intervals when severe unemployment and loss of production and purchasing power have occurred and that repetition of these periods of severe unemployment and loss of production and purchasing power can be avoided, or their impact lessened, by prompt remedial action by the Federal Government as authorized in this Act. The Congress also finds that virtually every community in the Nation has a backlog of needed capital improvement projects, and that an acceleration of these projects during such intervals will not only increase employment and expenditures at a time when such action is most urgently required, but will also meet longstanding public needs, improve community services, and enhance the health and welfare of the citizens of the Nation.

It is the purpose of this Act to provide standby authority which will enable the President to take quick and effective action to stimulate the economy by inaugurating a program of needed capital improvements when unemployment indicators and other economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives of the Employment Act of 1946, and to provide the President in such periods with authority (1) to immediately increase expenditures for direct Federal programs of capital improvements previously authorized by law, and (2) to furnish an incentive to State and local governmental bodies to accelerate their capital improvement programs through the initiation of projects which can be begun promptly and completed over a reasonably short period of time. It is the further intent and purpose of the Congress that departments and agencies of the Federal Government shall make advance plans for capital improvement projects that will enable them to act promptly when the President initiates the program authorized by this Act, and that the Federal Government shall assist and encourage the States and local governmental bodies, under the provisions of existing law, to make advance plans for capital improvement projects.

CAPITAL IMPROVEMENT ACCELERATION PERIODS

SEC. 3. (a) The President is authorized to proclaim capital improvement acceleration periods and exercise during such periods the powers conferred upon him by this Act. A capital improvement acceleration period may be proclaimed—

(1) within sixty days after the date when data compiled and published by the Department of Labor reveal that the national unemployment rate adjusted for seasonal variations and stated to the nearest one-tenth of 1 per centum of the civilian labor force, (i) has risen in three of the four, or in four of the six, most recent consecutive months for which such data are available, and (ii) has risen by not less than 1 percentage point measured from the month immediately preceding such four- or six-month period to the last month of the period, and

(2) after the President has determined that existing employment and unemployment indicators and other available economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives of the Employment Act of 1946.

A capital improvement acceleration period shall begin on the day specified in the President's proclamation hereunder and shall terminate whenever the President finds and declares that the need for the programs authorized by this Act no longer exists. Any capital improvement acceleration period proclaimed by the President shall automatically terminate twelve months after initiated unless extended by joint resolution of the Congress. No funds provided under section 9(b) shall be obligated after termination of such capital improvement acceleration period.

(b) No new capital improvement acceleration period shall be proclaimed within the six-month period immediately following the date of termination of a prior capital improvement acceleration period.

ACCELERATION OF FEDERAL PROJECTS

SEC. 4. In addition to the authority otherwise available to him, the President, during the existence of a capital improvement acceleration period, may, for the purpose of this Act, direct the departments and agencies of the executive branch, under such rules and regulations as he may prescribe, to accelerate existing Federal capital improvement projects and programs or to initiate new projects and programs already authorized by law. Any such department or agency may use for such projects and programs funds made available pursuant to section 9 of this Act, in amounts prescribed from time to time by the President: *Provided*, That the aggregate of all funds prescribed by the President for the purposes of this section shall not exceed the applicable limitation in section 9(b).

ACCELERATION OF EXISTING FEDERAL GRANT PROGRAMS

SEC. 5. During the existence of a capital improvement acceleration period, the President may direct the departments and agencies of the executive branch to make grants, upon application and under such rules and regulations as they may prescribe, to States, municipalities, local public bodies, and nonprofit organizations, to finance the initiation or acceleration of capital improvement projects and programs for which Federal grants to such bodies and organizations are authorized by the Congress and under the terms and conditions prescribed by the Congress: *Provided*, That no grant under this section shall be subject to any limitation in other laws with respect to the apportionment of funds, the time in which grants may be made, or the aggregate dollar amounts of grants for any prescribed purpose, project, or program: *And provided further*, That notwithstanding any limitation in other laws requiring a grant to be less than 50 per centum of the cost of undertaking or completing a project or program, grants may be made under the authority of this section which bring the total of Federal grants available for such projects or programs up to 50 per centum of the cost of undertaking or completing such project or program. Any department or agency may use for projects and programs authorized under this section funds made available pursuant to section 9 of this Act, in amounts prescribed from time to time by the President: *And provided further*, That the aggregate of all funds prescribed by the President for the purpose of this section shall not exceed the applicable limitation in section 9(b).

GRANTS FOR CAPITAL IMPROVEMENT PROJECTS NOT ELIGIBLE UNDER EXISTING PROGRAMS

SEC. 6. (a) During the existence of a capital improvement acceleration period, the Housing and Home Finance Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to make grants to States, municipalities, and local public bodies to finance the initiation or acceleration of capital improvement projects and programs which are not eligible for grants under other Acts of Congress.

(b) The Administrator may use for grants authorized under this section funds made available pursuant to section 9 of this Act, in amounts prescribed from time to time by the President: *Provided*, That the aggregate of all funds prescribed by the President for the purposes of this section shall not exceed the applicable limitation in section 9(b).

(c) The amount of any grant made under the authority of this section shall not exceed 50 per centum of the cost of undertaking and completing the project or program for which the grant is made.

FEDERAL LOANS

SEC. 7. (a) During the existence of a capital improvement acceleration period, the Housing and Home Finance Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to purchase the securities and obligations of, or make loans to, States, municipalities, local public bodies, and nonprofit organizations which otherwise would be unable to meet their share of the cost of projects and programs for which grants have been authorized pursuant to sections 5 and 6 of this Act.

(b) All securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other financial institutions through agreements to participate or by the purchase of participations or otherwise.

(c) No securities or obligations shall be purchased and no loans shall be made including renewals or extensions thereof which have maturity dates in excess of forty years.

(d) Financial assistance extended under this section shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (A) 3 per centum per annum, or (B) the total of one-half of 1 per centum per annum added to the rate of interest required to be paid on funds obtained for the purposes of this section as determined by the Secretary of the Treasury as provided under subsection (e) of this section.

(e) The Administrator may use for loans authority under this section funds made available pursuant to section 9 of this Act, in amounts prescribed from time to time by the President: *Provided*, That the aggregate of all funds prescribed by the President for the purposes of this section shall not exceed the applicable limitation in section 9(b): *And provided further*, That funds obtained by the Administrator for the purposes of this section shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of preceding fiscal year and adjusted to the nearest one-eighth of 1 per centum.

RESTRICTIONS AND LIMITATIONS

SEC. 8. The authority conferred by this Act shall be subject to the following restrictions and limitations:

(a) No financial assistance shall be made with respect to any project or program unless the project or segment of work, to be assisted under this Act—

(1) can be initiated or accelerated within a reasonable short period of time;

(2) will meet an essential public need;

(3) if initiated hereunder, can be completed within twelve months after initiation;

(4) will contribute significantly to the reduction of unemployment; and

(5) is not inconsistent with locally approved comprehensive plans for the jurisdictions affected, wherever such plans exist.

(b) Not more than 12½ per centum of the funds provided for in the form of grants pursuant to sections 5 and 6 of this Act shall be made available within any one State.

(c) Each department or agency administering financial assistance authorized by this Act shall adopt such rules, regulations, and procedures as will assure that no such assistance shall be made available to any State, municipality, local public body, or nonprofit organization unless such project or program for which the assistance is granted produces a net increase in the expenditures of the State, municipality, local public body, or nonprofit organization for capital improvement projects approximately equal to the non-Federal contribution to the project or program.

APPROPRIATIONS AND INTERIM FINANCING

SEC. 9. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

(b) In order to expedite financing activities under this Act, the President may, during the existence of any capital improvement acceleration period, cause the unobligated balances of appropriations, contract authorizations, revolving funds, and other authorizations to expend from public or corporate debt receipts available to the departments and agencies of the executive branch to be transferred to the appropriate accounts of such other departments and agencies in such amounts and at such times as he may deem appropriate and, notwithstanding the provisions of any other law, such transferred balances may be used for the purposes of this Act: *Provided*, That there are hereby authorized to be appropriated such amounts as may be required to restore such transferred balances not otherwise restored to the sources of funds from which they were derived: *And provided further*, That the aggregate amount of such unobligated balances transferred during any capital improvement period shall not exceed (i) $750,000,000 for the purpose of financing projects authorized to be assisted under section 4 of this Act, (ii) $750,000,000 for the purpose of financing projects authorized to be assisted under sections 5 and 6 of this Act, as allocated between said sections by the President, (iii) $250,000,000 for the purpose of financing projects authorized to be assisted under section 7 of this Act, and (iv) $250,000,000 to supplement funds available for sections 4, 5, 6, and 7 of this Act, as allocated among said sections by the President.

ADVANCES FOR PUBLIC WORKS PLANNING

SEC. 10. Section 702 of the Housing Act of 1954 is amended by striking out in subsection (e) "July 1, 1961;" and the remainder of the subsection, and inserting in lieu thereof, "July 1, 1961; and such additional sums which may be made available from year to year thereafter".

LABOR STANDARDS

SEC. 11. All laborers and mechanics employed by contractors or subcontractors on projects and programs assisted under section 6 of this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a–5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. No such project or program shall be approved without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z–15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276c).

DELEGATION OF POWERS

SEC. 12. The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall specify. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out

such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions. Nothing contained in this section shall authorize the President to delegate the power to proclaim or terminate a capital improvement acceleration period.

DEFINITIONS

SEC. 13. As used in this Act—

(a) The term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(b) The term "local public body" includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities or political subdivisions of States; Indian tribes, and boards of commissions established under the laws of any State to finance specific capital improvement projects.

(c) The term "capital improvement" includes the construction, repair, and improvement of: Public streets, sidewalks, highways, parkways, bridges, parking lots, airports, and other public transportation facilities; public parks and other public recreational facilities; public hospitals, rehabilitation and health centers, and other public health facilities; public refuse and garbage disposal facilities, water, sewage, sanitary facilities, and other public utility facilities; civil defense facilities; public police and fire protection facilities; public educational facilities, libraries, museums, offices, laboratories, employee housing, and other public buildings; and public land, water, timber, fish and wildlife, and other conservation facilities and measures.

(d) The term "project" includes a separable, usable feature of a larger project or development.

(e) The term "segment of work" means a part of a program on which the work performed can be separately identified by location and will provide usable benefits or services.

Mr. FALLON. Are there any statements from the members at the opening of the meeting?

Mr. BLATNIK. Mr. Chairman.

Mr. FALLON. Mr. Blatnik.

Mr. BLATNIK. I do have a statement which I shall not read, but will merely state that one of the recurrent problems following a recession is that, in spite of the overall pickup in the national economy, the rate of improvement by areas and economic sectors is not a uniform one. In certain geographic areas and economic sectors involving millions of working men and women there usually is a substantial lag behind general recovery. In some so-called hardcore unemployment areas other factors such as technological change and transition, automation, and resource extraction intensify the grave economic problems which arise from recessions.

In addition to antirecession measures such as fiscal and monetary policies, and policies dealing with subjects such as taxation, depreciation, and credit allowances for industry, there are those of us in Congress who feel strongly that, while it is not the whole answer, a very significant role in reducing unemployment can be played by the utilization of public works on a joint and coordinated basis between Federal, State, and local governments if we concentrate on these particular areas.

Mr. Chairman, I ask unanimous consent that my introductory statement be placed in the record at this point.

Mr. FALLON. If there is no objection, it is so ordered.

(The prepared statement of Mr. Blatnik is as follows:)

STATEMENT OF REPRESENTATIVE JOHN A. BLATNIK ON THE GROWING PROBLEM OF UNEMPLOYMENT

The most persistent and menacing domestic problem that has faced the Nation in the 1950's and early 1960's has been that of unemployment. To be sure we are far better off than we were in 1933, when one out of four members of the civilian labor force was unemployed. Nevertheless, the employment record of recent years has been a most unsatisfactory one. Only in 1 year since the end of World War II has unemployment fallen to less than 3 percent of the civilian labor force. During the 16-year period from 1946 through 1961 unemployment was between 3 and 4 percent in 5 of the years, between 4 and 5 percent in 3 of the years, between 5 and 6 percent in 5 of the years, and between 6 and 7 percent in 2 of the years and, as the years have gone by, the picture in a number of respects has become less and less favorable. For the 4-year period from 1958 through 1961, the annual average was 6.2 percent.

These rates are also high in comparison with the rates prevailing in many foreign countries, members of the free world community which we are to lead and to which we must give a good example by keeping our own house in order. In 1960, for example, when unemployment was 5.6 percent in the United States, the corresponding estimates for the United Kingdom, Sweden, Norway, the Netherlands, and Germany varied from 1.2 to 1.7 percent, and in Japan the rate was a flat 1 percent.

With each recurring recession in the postwar period, an ominous tendency has become noticeable. As a rule, each recession tends to start an unemployment trough that is higher than that of the preceding recession, while the peaks of unemployment are reaching gradually increasing heights. Thus, in the first two postwar business cycles unemployment had reached low points of less than 4 percent for 1948 and 1953, with peaks for 1949 and 1954 of less than 6 percent. During the last two postwar business cycles, on the other hand, the unemployment lows for 1956 and 1959 were above 4 percent and the peaks for 1958 and 1961 were well above 6 percent. Thus, taking 4 percent and 6 percent as reference points for trough and peak years, troughs and peaks of unemployment during the earlier two of the postwar business cycles were below these reference points. During the later two of the postwar business cycles the troughs and peaks were above these points.

Another alarming feature of the postwar recessions has been the slow rate at which unemployment falls after having reached the recession peak. During the first two postwar cycles the unemployment rate declined by more than 1 percentage point during the 8 months following its peak. During the third cycle it declined by exactly 1 percentage point. During the fourth cycle it did not decline at all, standing at 6.8 percent at the unemployment peak in February 1961 and also at 6.8 percent 8 months later in October 1961. These were the original estimates of the Bureau of Labor Statistics.

These observations indicate that recovery proceeds only very haltingly and that high rates of unemployment persist even during the recovery period of the business cycle, causing the next recession to set in at relatively high levels of unemployment. Recoveries do not become complete any more in the sense that unemployment falls to the minimum. Also, cycles tend to occur more frequently, and the span of time which separates one unemployment peak from the other becomes ever shorter. During the first postwar business cycle unemployment was at its height in 1949. The second peak occurred in 1954, the third in 1958, and the fourth in 1961, the distance in time between one peak year and the next falling always by 1 year.

There are some additional factors that are apt to throw light on our unemployment situation. As a rule, output recovers both earlier and more completely than does employment after a recession. This would seem to indicate a conspicuous upward drift in the productivity of labor and industry. In terms of production, recessions thus are much more mild than in terms of employment, and unemployment rather than deficient production emerges as the central problem of the business cycle.

Moreover, high as our unemployment rates are, it is doubtful whether they indicate the full severity of the problem. In many occupations the average workweek falls short of the standard of 40 hours. If part-time unemployment were converted into the equivalent amount of full-time unemployment, unemployment in January 1962, for example, would not have stood at 5.8 percent of the civilian labor force but at almost 7 percent since in addition to the unem-

ployed another 2.1 million workers were employed on a part-time basis and were seeking full-time work.

It is relevant also that, contrary to expectations, our civilian labor force, that is, people on jobs or looking for jobs, has of late grown only very haltingly if at all. From 1960 to 1961 our civilian labor force increased by 1 million, and it was expected to increase by another million from 1961 to 1962. The callup into the Armed Forces would have reduced this figure to about 750,000. Actually, our total civilian labor force was over 100,000 less in January 1962 than it had been in January 1961. This seems to indicate that in many lines of activities substantial numbers of people are so unfavorably impressed by available job opportunities that they stay out of the labor market or depart from it. In the light of all these observations it is not surprising that the Joint Economic Committee, in its annual report of March 6, 1962, states that almost 8 percent of available civilian workers were without jobs in January 1962, compared with the more conventional estimate of 5.8 percent which includes neither part-time unemployment nor the deficiency in our labor force.

As regards the duration of unemployment, the Bureau of Labor Statistics distinguishes between short-term unemployment of less than 5 weeks, long-term unemployment of 15 weeks and over, and very long-term unemployment of 27 weeks and over. If the unemployed are divided into three groups on the basis of these criteria, those in short-term unemployment have constituted by far the largest single group in each of the four postwar business cycles. Relative to this group, however, the numbers of those in long term and very long-term unemployment have steadily risen from one cycle to the next. The average duration of unemployment has increased, and the burden of unemployment is carried more heavily than before by those who are out of jobs for 15 weeks and over.

The incidence of unemployment falls most heavily upon Negro workers, unskilled people, and young persons in general, that is, exactly upon those groups who are least able to afford to be out of a job. As the ordinary earning power of the first two groups is limited, and as the members of the third group may have held a job only for a short period of time, their financial reserves usually are woefully inadequate. They are bound to be still less adequate for those young persons who recently have founded families.

THE COST OF UNEMPLOYMENT

Nobody can measure the cost of unemployment in terms of human misery and frustration. Measurements of the economic losses of unemployment have forever been attempted. The Conference for Economic Progress, for example, cumulates a loss in employment opportunities amounting to 18.5 million man-years for the period from 1953 to 1960. If these man-years had been worked, a cumulative loss in production estimated at $262 billion would have been avoided. This is the rough equivalent of the value of a half year's total production. For a single year, that of 1961, the Council of Economic Advisers has estimated a gap of $40 billion between actual gross national product and the output obtainable at full employment. The sources of this potential gain are indicated as follows:

	Billion
Lower unemployment	$15
Larger labor force in response to greater demand	4
Longer hours of work per man associated with higher utilization	5
Greater productivity per man-hour associated with higher utilization	16

It may not be irrelevant that the rise of unemployment is paralleled by that of business failures. Since 1946 the rate of business failures has declined during only 3 years. The average annual rate of such failures per 10,000 listed concerns, as published by Dun & Bradstreet, has risen from 21 in 1946–50 to 35 in 1951–55 and to 53 in 1956–60. The rate reported for 1961 was 64.4. To find a rate that high in the past, one would have to go back to the 1930's.

When business firms fail, people lose their jobs. Because people lose their jobs, other businesses may fail. Although the unemployed will continue to incur expenditures on consumer goods, these will necessarily fall short of the consumption expenditures made by employed people. As the payments which they receive in the form of unemployment compensation benefits, supplementary unemployment compensation benefits, and relief constitute only a fraction of wage payments, the unemployed people's lack of purchasing power will soon make itself felt throughout a community in which a leading business concern is in difficulty. The effects of unemployment are first felt in the local com-

munity. Taxes fail to be paid, bills are run up with the local merchants, and the payments on the car and the home are not met. More people lose their jobs. Some move away and some stay on in the hope of better times, leading a precarious existence in a decaying community.

But the economic losses from unemployment and their cost in human terms are not the only costs to be reckoned. A complete account must include the adverse effects which protracted mass unemployment has on the structure of our society and on our institutions. From such data as are on hand it seems that the diffusion of income which made so much headway during the 1940's has come to a halt at the end of that decade. Since that time the income structure of the United States has shown little change. As the incidence of unemployment is borne, in the first line, by low income groups, and as this incidence has been rising, the conclusion seems warranted that the rising tide of unemployment has been an important factor responsible for the rigidity of our income structure.

In a related fashion, plentiful job opportunities are an indispensable condition for the type of social and economic mobility in which this great country traditionally has prided itself. Where opportunities for advancement are plentiful, the dividing line between classes is a fluid one. Class barriers form no hurdle that individual initiative and effort cannot overcome. There is no rigid stratification of society such as prevailed in the old world, from which our ancestors tried to escape. To maintain our people's capitalism with its upward mobility, which has become the envy of the world, we must maintain plentiful job opportunities.

THE ACCELERATED PUBLIC WORKS PROGRAM

1. A public works program creates employment directly and immediately

Of all the devices in the arsenal of public policy designed to cope with unemployment, a public works program is the only one that directly and immediately opens up employment opportunities. Under a program of tax relief, jobs are created only in response to the additional spending of the taxpayer who is left with a larger disposable income. Similarly, payments under unemployment compensation, supplementary unemployment benefits, and relief do not directly create jobs but do so only in response to the spending of these amounts by the unemployed. Moreover, the receipts under the latter type of programs constitute only a fraction of what a worker would receive in the form of wage payments if he were employed. The expansionary effects of the expenditure incurred on the basis of these receipts thus must necessarily fall short of the expansionary effects of standard wage payments such as are made under a public works program.

It goes without saying that psychological and social reasons, in addition to the economic effects, place a premium on a public works program. Such a program draws workers into gainful employment and frees them from the need to rely on unemployment compensation and relief. It maintains their self-respect, pride of work, and status in a society that continues to assign to them useful functions. Payments under such a program are for work done, not for being unemployed.

2. A public works program is the most economical road to full employment

A public works program is not only the direct way to full employment. It is also the most economical one. More jobs are created per dollar of additional public expenditure for goods and services than are created per dollar of tax reduction. To express this thought in another way: if it is desired to put a given number of unemployed people back to work, this can be accomplished with outlay for public works that is lower than the amount required to put the same number of people back to work under a program of tax relief. This seems to be the considered opinion of professional students of public finance. I find no fault with a countercyclical policy of variation of public revenue such as it now under consideration, but I believe that an effective countercyclical attack requires systematic variations both of public revenues and of public expenditures. One measure will supplement the other, and both will lead the way to full employment. But from the point of view of fiscal propriety and the need for public investment in capital improvements, which must not be overlooked, a premium should be placed on a public works program. It puts a lower burden on the Federal budget, and results in continuing benefits by helping to meet the backlog of requirements for public facilities.

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3. Expenditures for public works are the only type of public expenditure that can be varied countercyclically

If a public works program is so potent and economical an instrument to create employment, the question may be raised why reliance should not be placed on countercyclical variations of other types of public expenditure. The proposed program, after all, is dwarfed by a Federal outlay of which the public works program constitutes only a small fraction. If an increase in public expenditures has such powerful expansionary effects, why not rely on variations of some of the really large expenditure items in the Federal budget? Why create a new and rather small expenditure item, when the budget already abounds with large ones?

The truth of the matter, however, is that none of these large public expenditure items can be varied in amount in response to economic fluctuations. Expenditures for defense, foreign aid, and general governmental operations cannot be turned on and turned off, reflecting the employment situation. The cold war does not abate when there is full employment, nor does it grow hotter when unemployment threatens. The need for foreign aid does not vary inversely with our domestic employment situation. Veterans and farmers claim their payments regardless of whether there is full employment or unemployment. The only item of budgetary expenditure that can be varied countercyclically, and that by its very nature calls for such a variation, is a public works program.

4. The guarantee of public works helps to maintain favorable longrun expectations

The business-cycle history of our country is shot through with examples of minor recessions. The investigation of the factors which caused them to remain mild and not to degenerate into a flullfledged depression has been a matter to which some of the best minds among the students of business cycles have devoted a lifetime of study. They have invariably reached the conclusion that the strategic variables in our economy, that is, those with the most pronounced cyclical amplitude, are the products of industry, the capital goods, and the durable goods, concepts which in some respects overlap. Unlike agricultural products and nondurables, what all these goods have in common is that as a rule their purchase is discretionary and postponable. We cannot postpone today's meal, but whether we buy a new car this year or the next usually is a matter within our discretion. So, as a rule, is the replacement of capital goods by business firms, or the purchase of additional machinery and equipment. If, then, the behavior of the strategic variables in our economy is so largely the result of discretionary judgments on the part of consumers and business managers, there are cogent reasons for the belief that their judgments will reflect the prevailing state of confidence in the prospects of business.

What apparently has counted heavily in preventing many a past recession from degenerating into a depression was the maintenance of favorable longrun expectations. Even though things might have looked pretty bad at times, more often than not there was an optimistic view of the longrun prospects of business, and this optimistic view was duly reflected in an early upturn.

It seems to me then that the maintenance of favorable long-term expectations among consumers and business managers is an important task of business cycle policy. It may well be that the postwar recessions have remained relatively mild because the public was aware of the commitment Congress undertook when passing the Employment Act. The American people know that their elected representatives will not permit a recurrence of the disaster which overtook them in 1929. Their confidence can only be strengthened, and their longrun expectations favorably affected, if Congress passes legislation which implement the Employment Act by in effect guaranteeing jobs in public works that will be made available timely and speedily in the case of need.

5. A public works program facilitates stabilization policies of State and local governments

Countercyclical policies to combat depression and unemployment have largely been a prerogative of the Federal Government. One reason for this is the Federal tax structure with its emphasis on progressive taxes. These, as is well

known, tend to fall more rapidly than income and employment during a recession, and they rise more rapidly than income and employment during periods of prosperity. They thus constitute an important element of built-in flexibility. In the tax systems of the States and local governments, property and sales taxes preponderate. They fall only haltingly during a recession, and their increase in prosperity is a moderate one. Hence. the revenue system of the State and local governments contributes little in warding off a recession, or for that matter, in restraining the forces of inflation. On account of the financial structure of the State and local governments, severe limits also are placed on the possibilities of debt financing. The expenditure items in their budgets are for essential governmental functions which cannot be varied in line with the fluctuations of the business cycle. For all these reasons State and local government finance has at times been characterized as cyclically perverse in the sense that it underlines cyclical fluctuations of income and employment, making the fluctuations more pronounced instead of restraining them.

A Federal public works program will go a long way in relieving this situation. It is designed as a grassroots program in the sense that it aims at the cooperation and partnership with the State and local governments. These are visualized as the important sources of public works projects. By stimulating the timely construction of such projects with Federal aid, the inadequacy of the fiscal behavior of the State and local governments can be repaired, thus enabling them to participate vigorously in the overall stabilization program.

6. A public works program helps to stabilize a most unstable element in the economy.

A public works program will go a long way to bring a measure of stability also to an industry that always has been conspicuous for its instability. This is the construction industry. During a recession only a few industries have an unemployment rate as high as that plaguing the construction workers. To be sure, the volume of construction is buttressed by the FHA program of mortgage insurance and the VA program of mortgage guarantee. But these programs, far from operating countercyclically, may actually underline the fluctuations in construction activity.

Since the construction industry and its workers are the immediate beneficiaries of a public works program, it cannot be denied that the direct benefits of such a program will accrue in the first line to those that need them most. A public works program is, first of all, a public construction program. But the stimulation of construction activity does not come to an end with the completion of the public works project. There are additional secondary effects in other lines of construction, public and private as well. It is a well-established fact that for each dollar's worth of private residential construction another 50 cents is disbursed for other construction, private and public, to provide residential services such as schools, stores, and utilities. With some modifications, such a relationship holds true also in the reverse. As a new airport, dam, or recreational facility is constructed, there is bound to arise a secondary demand for housing on the part of those who service the new facilities.

7. The secondary benefits of the public works program will be diffused throughout the economy at large

The construction industry is, of course, not the only segment of our economy that needs stimulation and expansion during a recession, and the benefits that flow from a public works program will indeed not be limited to it. As employment in the construction industry increases, secondary and tertiary beneficial effects will be felt in other parts of the economy. Such benefits will eventually be diffused throughout the entire economy, and employment be stimulated everywhere. That these secondary and tertiary effects will be powerful and pervasive is guaranteed by the fact that the construction industry is a key industry. A dollar spent on new construction stimulates not only new consumer spending but also the demand for countless numbers of basic raw materials and manufactured products. Attempts to measure the secondary effects are few and far between, and they will vary by type of project. Some indication of the magnitude involved will be given by the following estimates of the Bureau of Labor

Statistics, which state the ratios of offsite man-hours to onsite man-hours for various types of projects:

Bituminous paving	1.1
Grading and drainage	.9
Reclamation	1.6
Highway bridges	1.4
Schools	1.4
Streets, roads, and highways	1.2
Post offices, etc	1.5
Miscellaneous nonresidential building	1.4
Concrete paving	1.3
Airports and airfields	1.5
Water supply	1.6
Sewerage and sewerage systems	1.4

8. The diffusion of benefits from the public works program will relieve structural unemployment

The fact that the benefits from a public works program are so widely diffused throughout our economy carries a great deal of weight. This is so because a number of thoughtful observers hold to the view that our unemployment problem is in the main not a cyclical one, arising primarily from the fluctuations of the business cycle. Instead these observers stress the importance of structural maladjustments in our economy which affect specific regions and industries. Cases in point relate to iron ore mining, coal mining and other extractive industries, the textile industry, and to the adverse effects of automation on unemployment in the steel, automotive, and other industries. Some may question, for example, what good a public works program consisting mainly of construction projects would do for the textile industry. It is in connection with questions of this sort that the diffusion of the benefits from public works assumes special significance. For, if public works have an expansionary effect on employment throughout the entire economy, they cannot fail to create favorable conditions for the solution of structural maladjustments besetting specific regions and industries. To be sure, there are programs specifically designed to aid directly the affected regions and industries, such as the area redevelopment programs of the Nation and of several States, and the retraining program which the Congress recently has approved. By encouraging the movement of new industries into areas of distress, and by providing new training facilities for unemployed workers, the special programs aim to improve mobility. But a foremost requisite of improved mobility is the availability of plentiful alternative job opportunities. It is of little help to train workers for new jobs if no new jobs are available. By promoting expansion throughout the entire economy, the public works program creates a condition that is indispensable for the success of the special programs that are designed to relieve structural maladjustments. There is little mobility when there are no alternative opportunities for employment. But when these are beckoning, mobility is given a powerful stimulus.

9. A public works program would provide for satisfaction of urgent public needs

The compelling merit of a public works program is that opportunities are opened up in still another direction. In addition to being an effective means for increasing employment, public works acceleration will help meet longstanding public needs, which in many instances have reached alarming proportions because of prolonged neglect and expanding population. Consumption along the lines of public capital investments is often starved relative to private consumption which enjoys the powerful stimulus of advertising. People will build swimming pools in their backyards, but will allow the nearby stream to be polluted. Their kitchens will be supplied with all modern gadgets, but they will be reluctant to do something about the discolored and evil-tasting water that spouts from the shiny faucet. In many regions of our country the vacancy rate of private motels is an alarming one. While these are overbuilt, the recreational facilities and tourist accommodations in our National and State parks and forests get more and more crowded every year. In many a town there are no communal facilities for a youngster to meet other teenagers, and so as a result he will look for them in pool halls and bowling alleys.

Every community and our Nation as a whole has a serious backlog of needed public projects. The rapid growth in population, increasing industrialization and urbanization, revolutionary changes in technology, and the rising expectations

of our people have combined to magnify these needs. Public works acceleration to help reduce unemployment would provide a very important byproduct—a residual of public capital improvements which would reduce the serious accumulation of deficiencies in airports, urban redevelopment, community facilities, energy supply, transit systems, facilities to help prevent crime and juvenile delinquency, institutional care for dependents and aged persons, parks and recreation facilities, and other vital social services. Estimates of our requirements vary according to how complex a solution is sought and how rapid a remedy is contemplated. Regardless of the calculation, need for a staggering outlay is always indicated. Prof. Alvin H. Hanson has estimated that we need to allocate one-fourth of GNP, or roughly $125 billion a year to the public sector. A lower estimate made by Gen. John S. Bragdon, a special assistant to President Eisenhower, indicated that an investment of $160 billion over the next 10-year period would be required just to take care of the backlog of needs and existing facilities. A public works program along the scale now being proposed will not satisfy all of these needs, but it will go a long way in meeting them. Such projects as will be constructed under its sponsorship might be expected to exert a powerful demonstration effect, showing what an enlightened body of citizens can accomplish and inviting imitation in other communities.

REQUIREMENTS FOR AN EFFECTIVE CAPITAL IMPROVEMENTS ACCELERATION PROGRAM

1. Experience of last three recessions demonstrates need for a continuing machinery and up-to-date shelf of plans

The attempts to accelerate public works during the last three recessions demonstrate that acceleration of capital improvement programs for countercyclical purposes entails specific objectives and functions that require continuing machinery and an up-to-date shelf of plans.

During the three most recent recessions the President, with the backing of Congress, has issued orders to the executive departments to accelerate currently authorized capital improvement programs. President Eisenhower, for example, issued such orders in the spring of 1958; President Kennedy did so on February 2, 1961. In neither case were there sufficient shelves of planned, quick-starting and short-duration public projects, especially on the local level, suitable to the particular recession. Both in 1958 and 1961, order were given for the preparation on a crash basis of exhaustive inventories of projects, authorized and to be authorized, which might be undertaken to bost the economy. In both instances the Executive Office was confronted with an extensive laundry list of projects of varying types, soundness, feasibility, starting time, and duration, running into billions of dollars. Some items reflected well-thought-out programs, but some were just "letters to Santa Claus." In any case, insufficient preparation had inhibited quick acceleration.

What is needed at the time economic conditions warrant acceleration is an orderly and systematic process for drawing upon a pipeline of needed capital improvement projects. Acceleration programs should be based on comparable guidelines judiciously applied. The guidelines to which I refer must be carefully developed through consultation and cooperation with agency planners. In this way programs and projects can best be selected to meet the need of the specific situation, according to the kind of project, its starting time and construction time, geographic distribution, and importance to regional needs and development.

2. Objectives and functions transcend responsibilities of existing agencies

The objectives and functions required for an effective capital improvements acceleration program transcend the responsibilities of the existing agencies. Acceleration planning requires an awareness of both the state of the economy and the status of planning for various capital improvement programs. It requires synthesis of the studies of economic growth and stability carried on by the Council of Economic Advisers with the planning for capital improvements by the various agencies. The development of capital improvement acceleration programs entails considerations of priorities that do not fall within the present responsibilities of the Council of Economic Advisers or the Bureau of the Budget, or the various agencies. Economic priorities, including regional economic conditions and the relative importance attached to alternative opportunities for capital improvement investments, assume special significance. Acceleration for a particular recession entails the art of balancing objectives as to the improvements most socially and economically desirable at the time, objectives as to the types of projects that would best stimulate economic activity and relieve unem-

ployment, and objectives as to the starting time and duration of the projects. No existing agency has the responsibility or is equipped for presenting possible priorities of investments in projects ranging from community facilities and transportation to water resources, recreation, and land use.

What is needed, then, is continuing leadership to foster overall acceleration planning, to outline alternative goals, to assess employment possibilities, to analyze capital investment opportunities—*all as a basis for presenting objectively the alternatives to assist the President and the Congress in balancing these objectives and deciding upon relative priorities.* To be objective and look beyond the scope of existing programs, long-range acceleration planning must be separate from the planning for program development and construction.

The conflicts in planning between the agencies charged with different responsibilities have led to waste, duplication, reduction in multiple benefits, and delay in constrution of projects. Machinery that would assist in working out these conflicts early in the planning stages would assure that more projects would be ready to go when necessary. Each of us can think of specific examples of such conflicts in our States and communities. The following are just a few of the many publicized conflicts: preservation of wetlands versus drainage; highways versus parks; community facilities versus Federal water rights; flood control versus flood plain zoning versus urban renewal; upstream versus downstream programs; rural versus urban watershed problems; water resource development versus recreation and fish and wildlife; highways versus rapid transit versus urban renewal; various urban development projects versus urban open-space preservation.

Equally serious are the broad gaps and lags in current planning activities. At present, no machinery exists for identifying emerging needs for new and different kinds of capital improvements. Technological improvements, population growth, urbanization, and other economic and social changes require new and modified types of public facilities.

Also, existing agencies find it difficult to relate their programs to such changes. Each agency has authorities and responsibilities to perform certain functions. An established agency has a healthy but vested interest in strengthening its authorized and assigned functions. It is in no position to examine critically these functions in the light of new and changing requirements. It has neither the authority nor the capability to take the initiative in assuming additional functions, in drastically modifying its functions, or, above all, curtailing obsolescent functions. In addition, jurisdictional problems and power struggles often preclude the orderly expansion of an agency's activities to meet changed requirements—e.g., the legitimate jurisdictional problems in the expansion of programs for outdoor recreation and urban transportation.

The planning programs of the various agencies have evolved historically to meet specific requirements: irrigation to develop the West, highways to get the farmer out of the mud, and more recently, urban renewal and urban planning assistance to aid in the development of our cities. With the expansion of our cities and urban highways far into the countryside, critical problems arise which can only be solved through the closest cooperation among all types of planning for our cities, for our highways and other transportation systems, for our natural resources and land use, and for our outdoor recreation opportunities. Urbanization has brought critical shortages of living space that intensify competition in the location of facilities.

Early identification of new and modified needs would permit all levels of government to initiate steps toward meeting requirements in an orderly manner. Early action would forestall lengthy delays, the piling up of backlogs and pressures later for hastily conceived and often inefficient crash programs.

To be effective, a capital improvements acceleration effort must tap the vast reservoir of needed State and local improvements. A 1960 survey showed that State and local governments had scheduled completion of planning between July 1960 and December 1961 public works projects which alone would have an estimated construction cost of $21.7 billion: $9.1 billion for State projects and $12.6 billion for local. These needed capital improvements are especially suited to the employment objectives of acceleration to offset economic declines or stagnation. Yet, in the past, the lack of suitable shelves of plans for ready-to-go projects, statutory debt limits, and conflicts and gaps in planning have all thwarted effective acceleration (let alone maintenance of normal levels) of State and local capital improvement programs. In the absence of such possibilities, people press for less suitable Federal projects.

To meet these problems machinery is vitally needed at the State and local level to lay down general guidelines to help coordinate the diverse programs for highways, water resources, recreation, urban planning, etc. The machinery at the Federal level would furnish an example and leadership to State and local governments in their effort to develop and strengthen coordinated planning.

The following summary of the coordination problems facing California are repeated throughout our land:

"State and Federal agencies without areawide land-use plans to guide them, without coordinated State or Federal policy to guide them, put in their freeways, great conservation works, waterways and ports, air transportation systems as, individually and separately, they see fit.

"Hearings held on State responsibility for public works, conservation, beaches and parks, air and water pollution, and water development brought out the necessity for strong planning at the State level and brought forth demonstrations of local support.

"The lack of adequate supporting funds for the State office of planning is almost incomprehensible in light of the fact that California will spend some $55 billion on public works programs in the next 20 years." [1]

Conflicts and gaps in planning are multiplied in the case of the many State and local jurisdictions. These block the efforts of the States and localities to accelerate projects which would be particularly effective in providing jobs for victims of adverse economic conditions.

Of critical importance is the establishment of a focal point of contact with the Federal Government for consultation in planning and acceleration of capital improvements, especially with respect to the relationships of Federal policies and programs of all kinds, rural and urban, to those of the States and localities. Direly needed at present is some overall coordinating machinery to consider the impact of the whole gamut of Federal programs on the capital improvement goals, plans, and programs of the States and local governments. This machinery must be at the Executive office level in order to encompass the whole spectrum of Federal agencies and programs—highways, airports, urban planning assistance, water resources, outdoor recreation and fish and wildlife, area redevelopment, to name only a few. With the power of these programs to have impact on communities goes the obligation to assure that the total impact of all these separate actions is consistent with local objectives.

3. How H.R. 10113 would meet these requirements

The Public Works Coordination and Acceleration Act creates the necessary machinery for:

(1) Keeping the President and the Congress advised on the status of public works construction, planning, and those public works needed to meet our national, regional, and community growth and economic development.

(2) Encouraging and suggesting methods by which the public works planning policies of the various instrumentalities of the Federal Government and the instrumentalities of State and local governments can be coordinated to insure maximum effectiveness and efficiency in public works construction.

(3) Keeping in readiness a public works acceleration plan should a public works acceleration period be proclaimed by the President.

CONCLUSION

In conclusion it may be worthwhile to point out that the proposed legislation meets a criticism that has been often made against public works as a policy to combat recession. Public works, it is said, require a long time to plan, and a long time to execute. It is in the light of this criticism that the proposed machinery in the Public Works Coordination and Acceleration Act has much to recommend itself. At present time no coordinated inventory exists of National, State, and local projects for public works acceleration. No general procedure has been developed to finance such projects and to get them started. If we would wait with these preparations until an emergency develops, valuable time would be lost, and coming too late, the measures designed to cope with it would lose much of their effectiveness. By creating the machinery of execution and developing administrative and financial procedures before the onset of the emergency, we can hope to be able to cope with it more adequately.

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[1] "California Tomorrow," "California—Going, Going—" by Samuel E. Wood and Alfred E. Heller (Sacramento, Calif., 1962), pp. 54, 60, and 61.

Mr. AUCHINCLOSS. Mr. Chairman.

Mr. FALLON. Mr. Auchincloss.

Mr. AUCHINCLOSS. I would like to make a very brief statement.

No one can quarrel with the objectives of this legislation. It is not only our duty but indeed our ardent desire to do whatever is possible and proper to enable men and women to earn money by working and thereby contribute to the economy and growth of our country. There are no politics in that idea—it is just commonsense.

What we must apply ourselves to in the light of past experience is the study of what is the best way to attack and solve this problem for the benefit of all. We must not only be mindful of the necessity to provide constructive jobs but we must also remember that the financial economy of our own country is involved and unless it is operating on a sound financial basis our whole security may become weakened and we lose our dominant place at home and abroad.

Opportunities for the jobless to work must be prompt, they must be constructive, and they must not sharply increase Government spending in the years to come when it is quite possible that our economy may be under the strain of inflation. It is a complex and intricate problem, and requires the study and advice of many in and out of Government. I trust ample time for deliberation and consideration may be given by the committee to this measure so our conclusions may be sound and beneficial to the country as a whole.

May I add that I am reluctant to agree with the suggestion that the President of the United States be given sole authority to implement and administer such a program. Unemployment is a matter of great concern to all sections of our country and the people's representatives in Congress, as provided by our Constitution, have a great responsibility in a matter of this kind and can contribute much to the planning and operation of such a program for relief. Our country was founded as a nation controlled by representative government, and we should keep it that way.

Thank you, Mr. Chairman.

Mr. FALLON. Are there any other statements from the members? If not, we will go on with our first witness, Dr. Walter Heller, Chairman of the Council of Economic Advisers.

Dr. Heller.

STATEMENT OF DR. WALTER HELLER, CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS; ACCOMPANIED BY KERMIT GORDON, MEMBER OF THE COUNCIL OF ECONOMIC ADVISERS; DAVID E. BELL, DIRECTOR, BUREAU OF THE BUDGET; AND ROBERT C. TURNER, ASSISTANT DIRECTOR, BUREAU OF THE BUDGET

Dr. HELLER. Mr. Chairman, before presenting my testimony on the standby capital improvements bill, I have a letter from the President to the chairman of the House Public Works Committee and the chairman of the Senate Public Works Committee, proposing an amendment to that bill to deal with the problem of an immediate capital improvements program limited to redevelopment areas and to other communities which have been designated as areas of substantial unemployment for 12 months or more.

This letter, with your permission, I should like to read to the committee. It proposes a $600 million capital improvements program, the $600 million being obligational authority; and the expenditure pattern under that as proposed, as the letter points out, would be $25 million in fiscal year 1962, and $350 million in fiscal year 1963, and the balance early in fiscal year 1964.

With your permission, I would like to read this letter and enter it into the record.

Mr. FALLON. You may go right ahead.

Dr. HELLER. This is from the White House, Washington, March 26, 1962. It is addressed to the Honorable Charles A. Buckley, chairman, Committee on Public Works, House of Representatives, Washington, D.C., and reads a follows:

DEAR MR. CHAIRMAN: I am transmitting herewith a draft of proposed legislation which would authorize immediate initiation of a $600 million capital improvements program in those sections of our country which have failed to share fully in the economic gains of the recovery from the recession of 1960–61. This proposal is in the form of an amendment to the proposed Standby Capital Improvements Act of 1962, which I transmitted to the Congress on February 19 and which has since been referred to your committee as H.R. 10318 and other identical bills.

The proposed Standby Capital Improvements Act, together with the recommended standby temporary tax reduction authority and the pending bill to strengthen permanently our Federal-States system of unemployment insurance, would constitute a new and powerful arsenal of weapons to combat the recessions which periodically sap the vitality of our economy. The waste and distress which characterize these periodic recessions can and must be abated. Passage of the recommended legislation will make possible timely and effective action to reduce the severity and duration of future recessions.

Our present problem is not, of course, one of nationwide recession. We have been making a strong recovery from the recession of 1960–61. Gross national product rose from $501 billion in the first quarter of last year to $542 billion in the last quarter. Industrial production has risen 12 percent over the last 12 months. Disposable personal income per capita has passed the historic $2,000 milestone. Unemployment in the last year has declined from 6.9 percent of the labor force to 5.6 percent, and the number of persons at work has increased by more than 1 million over a year ago. The recovery still has considerable distance to go before full employment is restored. But, despite the fact that our economic performance of the last 2 months has fallen below expectations, we look for a strong and continued expansion throughout the year and into 1963.

Although we do not today face a problem of general recession, the two recessions of the last 5 years—interrupted only by a short and incomplete recovery—have left in their wake serious problems of prolonged large-scale unemployment and economic distress in hundreds of communities in all sections of the country. The roster of these communities include large cities, smaller cities, and rural areas. The causes of their troubles are manifold—exodus of industry, displacement of labor by technological change, excessive dependence on declining industries, influx of jobseekers, changing weapons requirements in military procurement, and chronic rural poverty. Whatever the cause, the results are the same—high and persistent urban unemployment or rural underemployment. Continued economic expansion for the Nation as a whole will in time help to restore the prosperity of many of these areas. But their needs are urgent now, and further help should not be delayed until another recession threatens the whole economy.

There are 852 localities which have been designated as redevelopment areas under the Area Redevelopment Act of 1961, and a further 106 communities which have been designated for 12 months or more as areas of substantial unemployment. These 958 localities account for 38 percent of our population. In these areas, taken together, 1 out of 13 members of the labor force is unemployed, and the average unemployment rate is 33 percent higher than in the rest of the country.

Most of these areas are eligible for assistance under the Area Redevelopment Act of 1961. Although the area redevelopment program is less than a year old,

assistance has already been extended to 82 communities in 26 States. As this program gathers momentum, more and more communities will be aided in their efforts to build a durable foundation for sustained local prosperity.

The area redevelopment program, however, is a continuing effort to help communities to attract new and permanent jobs to solve their long-range economic problem; it is not primarily designed to provide immediate relief of distress caused by unemployment, or to assist in the general rehabilitation and improvement of public facilities. I believe that a further Federal effort is necessary, both to provide immediate useful work for the unemployed and the underemployed, and to help these and other hard-pressed communities, through improvement of their public facilities, to become better places to live and work.

Accordingly, I urge that we initiate as soon as possible a $600 million capital improvements program in the redevelopment areas and in the communities which have been designated for 12 months or more as areas of substantial unemployment. Actual expenditures will depend upon the timing of congressional action. If legislation and the supporting appropriation are enacted promptly, expenditures under this program would be approximately $25 million in the remaining months of fiscal 1962, $350 million in fiscal 1963, and $225 million in the early months of fiscal 1964.

These funds would be allocated for Federal capital improvements projects in economically depressed areas and for grants and loans to eligible States and localities for improvement of community facilities. Federal grants to States and localities would range up to 50 percent of the cost of each project, and could be higher in certain exceptional cases. Loans would be available to assist hard-pressed communities which would otherwise be unable to meet promptly their share of project costs.

Projects under this program would be limited to those which could be initiated or accelerated within a reasonably short period of time and completed within 12 months after initiation. Other limitations of the standby bill would also apply: for example, projects could be approved only if they were capable of meeting an essential public need, if they would contribute significantly to the reduction of unemployment, and if they were not inconsistent with locally approved comprehensive development plans.

State and local capital improvements under this program would include such projects as water supply improvement; parks and other recreational development; sewerage systems and water pollution control; construction, rehabilitation, and modernization of public buildings, such as hospitals and civil buildings; and road, street, airfield, and port improvement. Examples of Federal projects and programs would include conservation activities to improve our public land, water, timber, fish, and wildlife resources, and construction or improvement of laboratories, research and training facilities, and other public buildings.

The standby capital improvements bill, and this proposal for an immediate public facilities program, are in my judgment of equal importance to the economic welfare of our Nation. The former would enable us more effectively to combat the waste and hardship of future recessions; the latter would bring new public facilities, new jobs, and new hope to those communities whose economic troubles have resisted the rising tide of national economic expansion.

Sincerely,

JOHN F. KENNEDY.

Mr. Chairman, may I now turn to my own statement on the standby capital improvements legislation?

Since the President's letter covers the immediate legislation, I shall not again cover that in my statement.

Mr. BLATNIK. Mr. Chairman.

Mr. FALLON. Mr. Blatnik.

Mr. BLATNIK. May I merely comment at this point? Those of us who have been working on this matter and have spent much time on it are tremendously heartened and pleased by the President's proposal. It is a clear manifestation of his keen awareness of the severe unemployment problems in many communities and areas of the country, involving, perhaps, a few million workers in industrial trades.

We are gratified by the President's sound proposal and his keen concern with the situation existing in these economically distressed and depressed areas. It is an excellent statement and should receive early and serious consideration by the committee.

Mr. FALLON. Any other comments from the members?

Mr. GRAY. Mr. Chairman.

Mr. FALLON. Mr. Gray.

Mr. GRAY. If I may for a moment, I would like to congratulate Mr. Heller for reading the statement of the President. I happen to represent an area in southern Illinois where some of the counties have 20 to 25 percent of the employable force unemployed, and I certainly feel it is timely and want to congratulate you and the President, and I wish to associate myself with the remarks of the distinguished gentleman from Minnesota, Mr. Blatnik, who has led this fight for the standby authority.

Dr. HELLER. Thank you, Mr. Gray.

Mr. FALLON. Go ahead, Dr. Heller.

Dr. HELLER. Mr. Chairman and members of the committee, it is a pleasure to appear before this committee in support of—

(1) The President's program for sustained prosperity, with special reference to the proposal—embodied in H.R. 10318—for standby Presidential authority to initiate up to $2 billion of expenditures for capital improvements in the event of future economic recession.

(2) The President's proposal for an immediate $600 million capital improvements program limited to (*a*) "redevelopment areas" and (*b*) other communities which have been designated as "areas of substantial unemployment" for 12 months or more.

When I testified before the Joint Economic Committee in January I was able to report on the vigorous advance of the economy from the trough of the recession in February 1961 and on the favorable longrun outlook for U.S. economic growth. But a good current recovery and confidence in our longrun potential do not rule out the risk of recurrent recession. Four postwar recessions, each successive one following more closely on the heels of the preceding one, provide a challenge we cannot ignore. The President recommended his program for sustained prosperity in the conviction that we can and must do much more than we have in the past to forestall and moderate downswings in business activity.

POSTWAR RECORD OF RECESSIONS

Let me review briefly the heavy cost we have paid for recessions in our economy since World War II, in terms of workers unemployed, production lost, and incomes never earned.

Since the end of the war, our economy has experienced four recessions—those of 1948–49, 1953–54, 1957–58, and 1960–61. From the first two, the economy eventually recovered and advanced to full-employment levels of operation. But recovery from the 1957–58 recession was arrested and reversed in the spring of 1960, before full employment was attained. Our 1961–62 recovery is also well short of this goal thus far. Consequently, we have not achieved full production for 5 years.

Four recessions in 14 years have been very costly. It is cold comfort to observe that the costs of these recessions were much smaller than the costs of the great depression. During the 1950's alone, the total loss of national product from underutilization of our economic resources exceeded $175 billion—in 1961 prices—almost $1,000 of final goods and services for every American. This is a conservative estimate. And no dollar estimate can measure the greatest cost—the family hardship and the erosion of human dignity which lie behind the unemployment figures.

Beyond the production and employment immediately foregone, there are further costs of recession, no less real for being difficult to calculate. The growth of our economy in the long run depends heavily upon the maintenance of forward momentum. When incomes rise steadily and demand is strong, businessmen invest in new equipment and develop new products. They expand production, and, in the process, expand the incomes of their employees and suppliers. Favorable expectations are fulfilled and renewed. Investment is maintained, productive capacity is expanded and modernized, and consumer demand continues strong.

In contrast, when the economy loses momentum, investment lags and consumer demand slackens, thus slowing the growth of output and income and discouraging the expansion and modernization of productive capacity. This is what happened in the late fifties. Investment in new plant and equipment has not yet regained its 1956–57 levels. Our present task is to overcome this loss of momentum and to restore and surpass our earlier high levels of investment. Only in that way can we accelerate the advance of productivity on which our economic future depends. A flexible defense in depth against recession is an essential part of a program for high investment and rising levels of employment and output.

ANTIRECESSION POLICY

In a free economy a certain amount of fluctuation in the overall level of business activity is unavoidable. Inventories are built up too fast and have to be worked off; the rate of investment in new facilities may rise strongly and then fall as added capacity becomes available; changes in employment and income occur as new job opportunities appear and older ones disappear; consumers and businessmen spend more at some times, less at others.

Such ebbs and flows in private economic activity are inherent in a decentralized and dynamic market economy like ours. They impose a price we are willing to pay to maintain an economic system based on freedom of choice and dedicated to growth and progress. Our concern and responsibility is to reduce that price to a minimum—to make more effective use of conventional tools of Government fiscal policy, tools that preserve individual initiative and freedom of choice, to minimize the threat and the costs of recurrent recession.

Consistent with this objective, the President has recommended to the Congress three measures to strengthen our defenses against recession:

(1) Standby authority to initiate expenditures for public capital improvements, embodied in H.R. 10318, which is under examination by your committee;

(2) Authority to effect a temporary, partial suspension of income taxes; and

(3) Permanent improvement of unemployment insurance to cover additional workers and to provide a longer period of protection for the unemployed, particularly in periods of high unemployment.

Tax reduction and acceleration of capital improvements might be used singly or together to combat recession. If a recession began, but the construction industry were operating at capacity, primary reliance might be placed on tax reduction. On the other hand, if the economic decline were concentrated in particular geographical areas and slack existed in the construction industry, capital improvements might be the first line of defense.

The third proposal would alleviate hardship among the families of unemployed workers and reduce the cumulative effects of unemployment on the economy.

The three proposals together would provide a strong, flexible, and fast-moving defense against recession, a powerful program for sustaining prosperity and maintaining high levels of investment and growth. They will also contribute to the solution of problems of chronic distress in certain areas, not only because it will be possible to channel expenditures for public improvements into those areas but also because the movement of resources into productive uses, and the development of new economic activities in depressed regions, is much easier in a stable, high-employment economy than in an economy characterized by recurrent recession and chronic overcapacity.

THE PRESIDENT'S RECOMMENDATION: H.R. 10318

Basic proposal

The proposal embodied in H.R. 10318 would, under specified conditions of rising unemployment, grant to the President the authority to release not over $2 billion to initiate and accelerate capital improvements through outlays on Federal projects, grants-in-aid, and loans to State and local governments.

The exact amount of funds to be released would be determined by the President in the light of the particular circumstances. The maximum amounts to be made available in each category are as follows: $750 million for Federal projects; $750 million for grants-in-aid to the States and local governments for existing or newly approved programs; $250 million for loans to State and local governments; $250 million unassigned to be applied to any of these purposes.

It is clearly desirable to allocate a substantial portion of the funds available under this program for Federal projects. These are activities which have been authorized by the Congress. They are activities on which we have ready information, and Federal agencies can be counted upon to initiate or accelerate them on short notice.

The President recommends that an equal amount of money be made available for grants to State and local units. Given the vast and insistent needs for public works at the State-local level—and the large volume of sound projects which are held back simply by lack of funds—ample opportunities exist to invest up to $750 million quickly and effectively in the face of recession. Because some States and local

governments may experience difficulty or delay in obtaining funds required for matching purposes, provision is made for loan funds. The availability of these loan funds should increase the speed with which localities in need of capital improvements are able to begin work under the program.

Finally, the unassigned reserve of $250 million will permit flexibility in distributing funds among authorized uses to meet needs and opportunities as they may occur at the time.

Eligible projects

The projects designated for support are ones which can be initiated quickly and completed promptly. They are projects which are fully justifiable on their merits, not simply to make work. Direct Federal expenditures are limited to programs previously authorized by Congress. These would include, for example, resource conservation projects and the construction, repair, and modernization of public buildings. State and local governments could request grants for a wide variety of purposes, including the construction, improvement or repair of hospitals, airports, water treatment facilities, streets, sewer systems and public buildings—subject to the proviso that they represent a net addition to existing State and local expenditures.

At the same time, a specific requirement for eligibility for projects undertaken under this legislation is that they must contribute significantly to the reduction of unemployment. Moreover, the program is limited to new projects, or parts of ongoing projects, which can be started promptly and completed within 12 months. New long-term projects are excluded. These requirements are designed to insure that the impact of the capital improvements program will be felt in prompt reduction of unemployment and unused capacity, not in delayed pressure on the price levels and resources of a fully employed economy.

The usefulness of public works in combating recession has sometimes been questioned on the ground that public works projects start too slowly and last too long. To be sure, many worthwhile projects are not useful for countercyclical spending because they involve large-scale and long-term construction and require long periods of preparation and execution. The proposed legislation is explicitly focused on shorter run projects which are suitable for countering recession. As subsequent witnesses will show, ample projects can be "at the ready" to fulfill the requirements of prompt action under the President's program.

The unemployment "trigger"

The proposed authority will become available to the President when a specified increase in unemployment has occurred. The purpose of this "trigger" is to enable the President to act promptly, before the recession can gain momentum. The President would have authority to declare a "capital acceleration period" within 60 days after there is clear statistical evidence that recession has raised the seasonally adjusted unemployment rate by at least 1 percentage point during a specified number of month. Before invoking this authority, the President would have to make a finding that current and prospective economic developments require such action to achieve the objectives of the Employment Act. The "capital acceleration period" would terminate automatically at the end of 12 months, unless extended by Congress,

and could be terminated earlier by the President. No additional funds could be obligated after the end of the period, and no new period could be proclaimed for 6 months after the termination of the previous period.

The trigger mechanism insures that action can be taken promptly as recession is developing. The 12-month limit, which may be shortened by presidential decision, assures that the program will not become an engine of inflation once recovery has been achieved. These provisions establish a mechanism which is both responsive and flexible.

IMPACT OF PROGRAM

Although it is not possible to give precise measures of the job-creating and income-generating impact of the proposed program, reasonable approximations can be made, as follows:

If all of the Federal funds were used and the average grant to States and localities required 50-percent matching, the minimum increases in expenditures by all levels of government would be $2.25 billion if all unassigned funds went into loans to States and local units. If the unassigned funds were used for Federal projects, the total would be at least $2.5 billion. If they were used entirely for matched grants, the total would be at least $2.75 billion.

These figures include only direct expenditures. To these should be added the secondary expenditures, those made by recipients of the direct outlays for materials, equipment, and consumer goods. A conservative estimate would place these secondary expenditures for final goods at 1¼ times the direct expenditures. Thus, the total expenditures arising under a full-scale program might be estimated as $2.5 billion of Government spending, plus something over $3 billion of secondary spending, or a total addition to gross national product of over $5.5 billion. Actual expenditures might be expected to vary from this figure depending upon the amount of funds made available, the composition of projects, and the secondary spending effects.

Given a total addition to gross national product of $5.5 billion, the job-creating impact is estimated to range from 420,000 to 520,000 man-years. Roughly, then, a full-scale program under the standby authority would create a half million full-time jobs for 1 year.

It is important to emphasize that we would not expect all of the spending or employment to occur instantaneously, nor all of the secondary effects to work themselves out immediately. Yet, these figures strikingly bear out the statement of the President in the Economic Report:

> With the indicated safeguards, this program would make a major contribution to business activity, consumer purchasing power, and employment in a recession by utilizing for sound public investment resources that would otherwise have gone to waste.

That is the end of my statement. I have already covered the President's immediate proposal.

Mr. FALLON. Thank you, Dr. Heller. Are there any questions from the members, or do you want to wait to hear from the other witnesses?

Mr. BALDWIN. Mr. Chairman, when you say, "wait until we hear the other witnesses," do you mean these witnesses now before us, or the list of witnesses today?

Mr. FALLON. I would certainly like to have the other members of the group that are sitting with Dr. Heller at the witness table. Would you present the gentlemen to the members, Dr. Heller?

Dr. HELLER. Yes. At my left is Director David Bell of the Bureau of the Budget. At my right is Mr. Kermit Gordon of the Council of Economic Advisers, and next to Mr. Bell is Robert Turner, Assistant Director of the Bureau of the Budget. Mr. Bell, as you know, also has a statement to present.

Mr. FALLON. Yes. I was wondering if it might be possible to hear from them because in the statements of the two witnesses one might answer some of the questions you might ask Dr. Heller and so possibly we could hear them and then you could direct your questions to either or both.

Mr. BLATNIK. Mr. Chairman, just one short statement. I commend the distinguished Chairman of the Council of Economic Advisers not only for a cogent and concise presentation, but for an obviously very well thought out and well-reasoned, factual, and sound statement. It gives us the economic background to which we shall relate this particular grouping of capital improvements. I congratulate the Chairman for a very effective statement and one which, I am confident, will be very helpful in considering all of the aspects and impacts of the proposed public works capital improvements legislation before this committee.

Dr. HELLER. Thank you, Mr. Blatnik.

Mr. FALLON. Our next witness will be Mr. David E. Bell, Director of the Bureau of the Budget.

Mr. BELL. Thank you, Mr. Chairman and members of the committee. I am happy to have the opportunity to testify in support of the President's proposals regarding accelerated capital improvements. Chairman Heller has discussed the principal policy issues concerned. I propose to discuss three matters relating to how the proposals would work in practice: First, how they would be financed; second, how they would be administered; third, the availability of eligible projects.

My comments will be directed not only to the standby capital improvements legislation previously proposed by the President, but also to his new proposal for a more limited and selective immediate acceleration of capital improvements programs.

1. FINANCING

The President's proposal for an immediate capital improvements program, if enacted, would go into effect at once. Accordingly, we propose that it be financed by a direct appropriation of $600 million. The Congress will be in session and normal financing methods should prove fully satisfactory.

The President's proposal for standby authority to accelerate capital improvements presents, however, a different problem. We assume that it would not go into effect immediately on enactment but instead at some later time. There is no basis, therefore, for an appropriation request at the time the authorizing legislation is enacted, since both the timing and the level of programs is contingent on future events. Moreover, at the time when the standby legislation does go into effect, the Congress may not be in session to vote funds.

Mr. SCHERER. May I interrupt?

Mr. BELL. Yes, sir.

Mr. SCHERER. Do I understand you to say that if we pass this legislation there would be then no need for future appropriations by the Congress of any part of the $2 billion?

Mr. BELL. Not at all, sir. The point is covered in my next two paragraphs. To meet the special problem of financing this program, therefore, the President's standby bill would provide an interim financing source by authorizing the President——

Mr. SCHERER. I didn't understand your answer. You said, "Not at all."

Mr. BELL. It would be necessary for the Congress to make appropriations at future times. There are provisions for an interim financing system to work as follows: At the time when the President declared the capital improvements acceleration period, the act as drafted would give him authority to transfer, as an interim financing method, unobligated balances of appropriations and other types of obligational authority up to an aggregate total of $2 billion.

Mr. FALLON. Mr. Bell, are you reading from your statement?

Mr. BELL. Nor sir. I am paraphrasing, because the gentleman evidently wanted me to answer it.

Mr. FALLON. Do you have the answer in your statement?

Mr. BELL. I do, sir.

Mr. FALLON. I think if it is not sufficiently clear for you, Mr. Scherer, it would possibly be better to wait until he finishes it.

Mr. SCHERER. All right.

Mr. FALLON. Will you proceed, sir?

Mr. BELL. Yes, sir. To meet the special problem of financing this program, therefore, the President's standby bill would provide an interim financing source by authorizing the President, during any capital improvements acceleration period, to transfer unobligated balances of appropriations and other types of obligational authority up to an aggregate total of $2 billion.

The amounts of unobligated balances available for transfer differ according to the time within the fiscal year, but in all cases they far exceed $2 billion. In the fiscal year 1961, for example, the unobligated balances were reported at about $80 billion in December, almost $57 billion in March, and a little over $40 billion at the end of the year in June 1961. Not all of these amounts are equally appropriate for transfer, and the President would have to determine, when the occasion arose, exactly which accounts would be used for the interim financing. He would, of course, transfer funds from those accounts least likely to have any immediate need for them.

The administration bill also authorizes appropriations to replace the balances which are used for the accelerated program. The replacement could take either of two forms, depending upon the action of Congress in the appropriation act. Appropriations might be made to enable the President or the delegate agencies to pay back from their own accounts the interim transfers previously made. This would appear to be the preferable method of reimbursement. Alternatively, the Congress could appropriate money directly to the accounts which financed the transfers in order to restore the amounts which had been previously transferred out. In either event, the Congress would re-

view the need for such restorations, and if the accounts giving up the money did not require restoration it could be denied.

The financing provisions of H.R. 10318, in our opinion, are preferable to those in H.R. 10113. Section 10 of the latter bill provides a contract authorization which would permit starting the program to the extent of letting contracts. But once the contracts or other obligations have been incurred, there is no way to make payments on those obligations until Congress meets and appropriates the money to liquidate them. Not all of the contractors would be able to wait for the customary progress payments. Not all of the States or cities would be able to finance the projects temporarily while waiting for the Government to make good on the grants or loans. And even on direct Federal public works, some additional direct Federal employment would probably be necessary, and for that too, a contract authorization only would be insufficient without authority to make expenditures.

For these reasons, it would be preferable in our view to provide for interim financing through transfers of obligational authority as would be provided by H.R. 10318.

The principle of interim financing through transfers is already in effect for several other types of contingent needs. For example, the Secretary of Defense is authorized to transfer substantial funds from any Defense appropriations when advantageous to the national defense, for such purposes as acceleration of missile programs and improvement of the readiness of the Armed Forces. The Forest Service of the Department of Agriculture may temporarily borrow from other appropriations when necessary to augment the funds available for forest fire fighting. Similarly, the Secretary of the Interior may transfer funds for the suppression or emergency prevention of forest or range fires. Such authorities provide ample precedent for the transfer authority proposed in H.R. 10318.

2. ADMINISTRATION

The legislation proposed by the President is intended for the most part to accelerate existing programs. Whether they be programs of direct Federal work or programs of grants to States and localities, such programs are now underway, with staffs and procedures in being. In such cases it is obviously appropriate to rely on the existing agencies to plan and carry out the accelerated capital improvements that would be authorized.

One new element would be added by the proposed legislation. A number of types of State and local public works for which no Federal grant funds are now available would be made eligible for assistance under section 6 of H.R. 10318. In view of the similarity of this authority to others now administered by the Housing and Home Finance Agency, it is proposed that it be administered by that Agency.

Apart from this, it would be our expectation that the proposed capital improvements acceleration could be carried out with a minimum of new administrative machinery. We would anticipate that:

The Council of Economic Advisers, in line with its regular duties, would:

(*a*) Keep the President informed on the unemployment situation;

(*b*) Make recommendations to him on when to invoke the standby acceleration authority and when to terminate it; and,

(*c*) Make recommendations on the volume and general types of public works to be undertaken or accelerated.

The Bureau of the Budget, as part of its normal responsibilities, would:

(*a*) Collect from all Federal agencies each year advance plans for the succeeding 5-year period, covering all Federal and federally aided public works, and prepare summaries of these plans;

(*b*) Keep the Council of Economic Advisers and the President advised on the status of the inventory of eligible public works and the readiness of plans for public works construction authorized under the proposed standby bill;

(*c*) When either the immediate or the standby authority becomes effective, advise the President on the administration and financing of the programs.

The Housing and Home Finance Agency, in line with its statutory duty to provide Federal assistance both for comprehensive planning and for advances to finance preparation of plans for specific State and local projects, would:

(*a*) Expand its advance planning assistance and conduct periodic surveys in order to make sure that an adequate backlog of eligible State and local public works is ready for use in event of a recession;

(*b*) When either the immediate or the standby authority becomes effective, make grants and loans for State and local public works directly or through other Federal agencies, to finance projects or programs not already eligible for Federal grants.

Each Federal agency having direct responsibility for public works and for Federal aid to State and local construction would:

(*a*) Continue and, if necessary, accelerate preparation of advance plans so that new projects will be available for initiation when funds are made available under the standby authority;

(*b*) If now authorized to provide financial assistance to States and local governments, continue to encourage and assist them in advance planning and to obtain reports of the status of such advance plans;

(*c*) Submit information on Federal and federally aided public works to the Bureau of the Budget for central compilation and analysis;

(*d*) When either the immediate or the standby authority becomes effective, make recommendations for initiation or acceleration of eligible projects and programs, including grants, administered by it; and,

(*e*) When the funds have been allocated to the agencies, make the contracts, grants, et cetera, necessary to carry out the decisions.

Finally, it would be desirable, in our opinion, when either the legislation authorizing immediate acceleration of capital improvements becomes effective, or the President under the standby authority proclaims a capital improvements acceleration period, to supplement the existing administrative organization in one respect.

Mr. SCHERER. Would you read a little slower? It is awfully hard to digest this when you are reading rapidly.

Mr. BELL. I was reading rapidly because I assumed you are following the text, and I didn't want to bore you, sir. I apologize.

Mr. SCHERER. It just does not sink in rapidly.

Mr. BELL. I was saying it would be desirable in our judgment when either the legislation authorizing immediate acceleration of capital improvements becomes effective, or the President under the standby authority proclaims a capital improvements acceleration period, to supplement the existing administrative organization in one respect. While existing agencies would continue to be responsible, as indicated above, for the planning and administration of the various programs, the President would wish to designate a single individual to assure prompt and effective execution of the total program. Under the President's present thinking, he would wish to assign this responsibility to a member of the Cabinet, but he has not yet finally decided the matter.

3. ELIGIBLE PROJECTS

As Mr. Heller pointed out, under the President's proposals, the projects and programs to be undertaken would have to have been already authorized through normal legislative channels. Only in the case of State and local public works not now eligible for Federal grants would H.R. 10318 authorize grants to any new kinds of projects—and these would, of course, have to be undertaken by States and localities in accordance with their normal processes and procedures for review and authorization.

According to existing information, a very substantial inventory of eligible projects now exists, including construction and repair of public works and nonstructural natural resources developments which constitute capital improvements.

One important source of information is the agency reports of advance public works programs submitted annually to the Bureau of the Budget since 1943. These reports provide data on programs for Federal and federally aided projects for the budget year and generally for 5 succeeding years, covering both new starts and continuing work.

Summaries made last year from advance programs submitted on the basis of the 1962 budget, indicate that $1.1 billion of direct Federal construction on civil public works could be started within 1 to 6 months and completed within the following 12 months. For the most part this work was already authorized. The agencies listed below said at that time, about a year ago, they could start the following amounts of work within 1 to 6 months and complete the work within 12 months:

	Million
Federal Aviation Agency	$82
Tennessee Valley Authority	321
General Services Administration	42
Forest Service	166
National Park Service	266
Corps of Engineers, Civil	37
Other	172
Total	1,086

Mr. SCHERER. Why does the Tennessee Valley Authority need $321 million? Just last year we gave them a bond issuing authority.

Mr. BELL. This was in a compilation, sir, of the work which they were prepared to do, and had plans for accomplishing, but which were not included in the immediate budget which was then before the Congress on the grounds that it did not meet the full standards for immediate urgency which applied to the budget program. This is additional work which could be undertaken, useful work, which had not been included in the 1962 budget, and undoubtedly some of it is now in the 1963 buget, and other segments are contemplated for later years, but there will be a backlog of unfunded but planned public works which the Tennessee Valley can undertake if this kind of legislation becomes active.

Mr. SCHERER. Could not the Tennessee Valley Authority do that under their bond issuing authority which was granted?

Mr. BELL. Their bond issuing authority—I cannot say offhand I am fully familiar with the limitations of it—is principally for large-scale power projects and, of course, those projects would not be relevant either to the President's immediate program, or to the standby authority, because they take several years to complete, and are not the kind of developmental activities which are covered by either of these proposals that are pending before us at the present time.

Mr. SCHERER. We were told when they asked for the bond issuing authority which, of course, some of us opposed, that they would not have to come to the Congress for additional funds.

Mr. BELL. They do come to the Congress, sir, each year, for funds for flood control, for example, for reforestation work, and for various other kinds of resource development activity which would fall within the purposes of this present draft bill that is before you. The bonding power is limited, I believe, to the revenue type of activity which the Tennessee Valley Authority undertakes, which is their power program. I will be glad to check this point, but I believe that is the way it is.

In addition to new starts, an estimated $8.7 billion of expenditures was reported to be necessary to complete civil public works put underway prior to 1962. Much of this work could be accelerated. Some of this work was scheduled for completion within a year, but other segments of it would provide employment for 2 to 4 years. Part of this work was fully financed; funds to accelerate projects not fully financed could be provided under either the President's standby proposal, or the proposed immediate expansion program.

Mr. KUNKEL. Mr. Chairman, could I ask a question? Why couldn't it be done under the present law if they are already started, authorized, and approved and ready to go?

Mr. BELL. Insofar as funds have been appropriated.

Mr. KUNKEL. Yes, but I mean all of the——

Mr. BELL. Then the rate of spending of those funds, you are quite right, could be increased in some cases.

Mr. KUNKEL. And all you would need then would be to get an appropriation if you had to accelerate it.

Mr. BELL. Exactly, and that is precisely what is involved in the present legislation.

Analysis and summarization of the advance programs for 1963 have not yet been completed. However, preliminary information in-

dicates that the current inventory is at least as large as the figures I have cited, which are a year old.

Advance programs are also obtained in summary form for the federally aided State and local public works programs. Approximately $2.9 billion of expenditures were made in fiscal 1961 on Federal grant programs, with over $3 billion estimated for 1962, and a similar amount for 1963. Most of these grant programs are authorized for some years in advance. Under State plans there are additional priority projects which could be started, indicating that the rate of expenditures on these programs could be increased if additional Federal funds were made available through the authority proposed in the legislation before the committee. These programs include, for example, grants for highways, airports, hospitals, and waste treatment works.

It is difficult to estimate the backlog of State and local public works projects not now eligible for Federal grants, but which might be undertaken by State and local governments under the proposed legislation. One significant source could be the shelf of public works plans financed by advances from the Housing and Home Finance Agency. At the end of January 1962, the estimated cost of construction, for which plans had been completed, totaled $2.5 billion. Almost two-thirds of these projects had not yet been started. Over half of the plans were for sanitation and water facilities, most of which would be eligible under the time-for-completion requirement of the bill. Many other types of projects on the shelf would also qualify.

In addition to these public works, there are other types of capital improvements on which expenditures could be substantially increased, such as repairs and maintenance and nonstructural resource developments. These resource developments include timber stand improvement, reforestation, range improvement, fire hazard reduction, soil and moisture conservation, and insect and disease control in the national forests and on public domain and Indian lands; similar types of cooperative forestry improvements with the States; and aid to States for improvements of wildlife facilities and wildlife habitat and fish hatcheries. If additional Federal funds were provided, these programs could be expanded substantially above present levels.

The various agencies who will be testifying later will provide the committee with more detailed information on the amount and types of both Federal and federally aided projects and State and local projects not now eligible for Federal aid.

In summary, Mr. Chairman, we believe that our proposals for financing and administration of the proposed legislation, and the proposed arrangements for making use of projects and activities already authorized, will permit rapid, efficient, and effective execution of accelerated capital improvements programs.

Mr. FALLON. Thank you, Mr. Bell. Are there any questions?

Mr. COOK. Mr. Chairman.

Mr. FALLON. Mr. Cook.

Mr. COOK. I would like to direct a question to Mr. Bell. On page 8, sir, of your comments, you list the programs as I understand it that have already been authorized by the Congress that perhaps could be used in this program to make work for certain unemployed. My question is this: Has there been any study made that applies these

projects to the areas indicated by Dr. Heller in his remarks, where the greatest need for employment is at the present time?

Mr. BELL. We do not have an overall set of figures, in response to that question. The agencies which will be testifying later in the week will be able to give you some information relating to the programs for which they are responsible. All of the projects indicated here would, of course, be relevant to the standby bill, which does not have any geographical limitations. You are entirely correct that the President's recommendation transmitted this morning would be limited in its geographical coverage to the area redevelopment areas, plus the additional areas in the country in which there has been substantial unemployment, defined as over 6 percent for the past year. Those areas cover somewhat less than half of the population of the country; and I believe they also cover somewhat less than half of the geographical area of the country, and consequently it would be quite correct that only part of the projects which are indicated here would be eligible for use under the immediate program that the President has recommended this morning.

There are, however, many of these projects which plainly on their face would be applicable. For example, the bulk of the State of Kentucky, and the bulk of the State of West Virginia, as you undoubtedly know, are included in the Area Redevelopment Administration's areas; and all projects which relate to those areas—those of the Tennessee Valley Authority and of the Forest Service, for example—would be eligible under the immediate proposal that the President has made.

Mr. COOK. Thank you.

Dr. HELLER. Mr. Cook and Mr. Chairman, may I add one note to Mr. Bell's answer that I think you may wish to pursue further with some of the later witnesses. In the first group of economic redevelopment plans that were received and classified by the Area Redevelopment Authority, they had 1,132 public works projects as part of those plans. For example, water supply and flood control, 260; tourism and recreation, 256; pollution control, 254; and so on. So it is clear that a good deal of information will exist, as Mr. Bell suggests, in the agencies that will be testifying here.

Mr. COOK. Dr. Heller, are these proposed new public works projects rather than already authorized public works projects, or is it a mixture of the two?

Dr. HELLER. I think they are a mixture, but they are projects that these communities have worked up and presented to the Area Redevelopment Authority.

Mr. BALDWIN. Mr. Chairman.

Mr. FALLON. Mr. Baldwin.

Mr. BALDWIN. Mr. Bell, at the beginning of Congress this year, the President submitted a budget to us for the fiscal year 1963 which was rather narrowly in balance. Will you tell us what proposed expenditure of $600 million will do as far as whether or not the budget will be in balance?

Mr. BELL. Yes, sir. As you notice, the $600 million is the proposed appropriation or new obligational authority. It will not all be spent in the fiscal year 1963. The estimated expenditures are indicated in the President's letter. If Congress takes prompt action it is estimated that there will be $25 million in expenditures still in the fiscal year

1962, before June 30. Approximately an additional $350 million of expenditures will occur during fiscal year 1963, and the remaining balance, $225 million, will occur in the early months of fiscal year 1964.

Consequently, the effect of the President's proposal this morning is to commit for expenditure some $350 million of the $500 million surplus which he estimated in his January budget as submitted 2 months ago.

Mr. BALDWIN. And what is your revised estimate now today as to what the balance would be, the specific financial balance, plus or minus, for the fiscal year 1963?

Mr. BELL. Well, under those figures, sir, I believe the precise estimate, although these matters, as you know, should not be regarded as being too precise since we are dealing with events that are going to happen next year, but the precise figure which was submitted in January was, if I am not mistaken, for a surplus of $463 million.

If you subtract the $350 million additional expenditure, which the President is now here this morning recommending, the remaining balance would be $113 million.

Mr. BALDWIN. This would be the balance if no other supplemental requests of a similar nature are made to the Congress by the President for fiscal year 1963. Is that correct?

Mr. BELL. That is correct. There were, of course, already included in the budget a number of anticipated supplemental appropriations which would follow if the Congress enacts various pieces of new legislation which the President has recommended. In other words, the budget, as submitted, already took into consideration all of the new elements of legislation which the President had recommended, or was intending to recommend, as of the time the budget went forward.

This proposal this morning is the first new item of legislation having significant fiscal implications which the President has added to his program this year.

The other items, which were already pending, aid to education, for example, and the training bill that passed the other day, the youth employment opportunities bill, which is pending before the Congress, all of those pieces of legislation were already taken into account in the 1963 budget as presented.

Mr. BALDWIN. Thank you.

The CHAIRMAN. Mr. Scherer.

Mr. SCHERER. It is conceivable, however, that before this year is over, under the basic legislation, the President might decide that a capital improvement acceleration period is necessary which would authorize him to expend $2 billion within 1 year. Is that not right?

Mr. BELL. It is conceivable if the requirements in the legislation for the economic events that would have to occur did, in fact, occur.

Mr. SCHERER. I said if he should decide under this legislation that a capital improvement acceleration period is necessary, under the terms of the bill it is possible then that this legislation would authorize him to expend $2 billion within the year from his declaration of that period.

Mr. BELL. You will notice, sir, that if that were the case, under the terms of the bill, it would have been necessary for unemployment to have been rising for a certain period of time——

Mr. SCHERER. I assume that those conditions are necessary because he could not declare such a period unless——

Mr. BELL. Right.

Mr. SCHERER (continuing). There were those conditions. I assume that they existed.

Mr. BELL. If the economy during the fiscal year 1963 headed into a recession then the President would be authorized, under this legislation, to call a $2 billion authority into effect. That is right.

Mr. SCHERER. What effect would that have on the budget?

Mr. BELL. Well, it would depend on when he called it into effect; but I call your attention, sir, to the fact that if we were heading into a recession during the fiscal year 1963 then the budget estimates would be off far more than $2 billion because, under those circumstances, the national income——

Mr. SCHERER. I am not asking you that question, sir. I am just asking you what effect it would have on the budget.

Mr. BELL. The effect of the expending of the $2 billion would depend on what part of the year the authority was effective for.

The budget, however, would, as I started to indicate, already have been well unbalanced by a recession, if it occurred, because of the effect on the national income and on the revenues to the Government.

Mr. SCHERER. In other words, this would increase expenditures by $2 billion?

Mr. BELL. Not during 1963.

Mr. SCHERER. Well, within the year, the period within which it started?

Mr. BELL. You can roughly estimate, sir, that about 60 percent of the expenditures under this kind of public works would follow during the first year after institution of the program. Therefore, if it were called into effect in the middle of the year, take 60 percent of this and divide it by 2, so that that kind of calculation would be possible when the President's decision was made, and furthermore, of course, under the terms of the law he does not have to use the entire $2 billion.

Mr. SCHERER. I understand that. I said it would be possible. My question was that it would be possible for him to expend $2 billion but maybe not in the same fiscal year——

Mr. BELL. Right.

Mr. SCHERER (continuing). But in the year following the period that he designated—the year that he designates that such a period is necessary. Right?

Mr. BELL. It would not be possible to get all of the expenditures made, Mr. Scherer. I have not made myself clear. I am sorry.

It would not be possible for him to get all of the expenditures actually accomplished during the first calendar year after the initiation, because——

Mr. SCHERER. Well, the money would be actually spent?

Mr. BELL. That is right.

Mr. SCHERER. The public works programs that he authorized would have to be completed within that year and, therefore, the money to pay those would be due?

Mr. BELL. Right.

Mr. SCHERER. All right. Now, one more question: The way I read this bill, and you tell me if I am wrong, is that it would not be limited to a $2 billion authorization, would it?

In other words, let me go a little further: In other words, this is sort of a revolving fund. If the President would spend $2 billion during one of these periods, acceleration periods, then without further action of the Congress he could spend another $2 billion a year and a half later, could he not, as long as the 6-month period intervened?

Mr. BELL. I think that is a correct reading of the act, Mr. Scherer; that is to say, the capital improvements acceleration period, proclaimed by the President under the terms of this draft bill, would automatically terminate 12 months after initiated unless extended by joint resolution of the Congress.

And, in addition, it says:

> No new capital improvements acceleration period shall be proclaimed within the 6-month period immediately following the date of termination of a prior period.

Mr. SCHERER. Then, after that 6 months' period the President could declare another acceleration period and would, under this legislation, have authority, to expend another $2 billion?

Mr. BELL. Again, it would be necessary to have the economic requirements, for us to be entering a recession.

Mr. SCHERER. I assumed that. Let's assume that because that is required by the bill.

He could not declare an accelerated period unless all of these conditions, provided for in the bill, took place. But it is possible, under this legislation, if those conditions did take place that he could, without further authorization, after a 6-month period expend another $2 billion?

Dr. HELLER. May I just add to that, if I may, Mr. Scherer, that this would require, of course, that there be two recessions, as it were, in a successive period of 15 months which, thank Heaven, this economy has never experienced.

Mr. SCHERER. Well, we had one in 1933. We had one for 8 years, a real recession.

Mr. BALDWIN. Will the gentleman yield?

Mr. SCHERER. I just have one more question. Let me finish it.

Now, as I understand it, if we pass this legislation there is no further action needed by the Congress or the Appropriations Committees of the Congress.

The President has the authority then to go and take from any appropriated funds, any funds, $2 billion and use it for the purposes set forth in this bill.

Is that right?

Mr. BELL. Up to $2 billion, right.

Mr. SCHERER. He could, if he wanted, take $2 billion out of the foreign-aid fund then, could he not, if he wanted to, under this legislation?

Mr. BELL. Yes, unobligated funds. Yes, if, wherever unobligated funds existed——

Mr. SCHERER. They would be appropriated but unobligated?

Mr. BELL. That is right.

Mr. SCHERER. He could take it out of the foreign-aid funds?

Mr. BELL. Yes, sir.

Mr. SCHERER. Well, that might be good.

Mr. MCFALL. Will the gentleman yield to me?

Mr. SCHERER. But if he did take it out of any of these unobligated funds, but appropriated funds, it would necessarily force Congress then to replenish those funds whether they really wanted to or not?

It would be almost like forcing them to, would it not?

Mr. BELL. This would be up to the Congress, sir.

Mr. SCHERER. I understand that, but it would be a club over their heads, and they would almost have to replenish the funds?

Mr. BELL. It would clearly be the President's expectation that unless there were some reason why the obligational authority, previously voted by the Congress for the other program, unless this had become unnecessary for some reason, the President would expect the Congress to replace the funds.

That is correct.

Mr. SCHERER. Suppose he reached over into Mr. Blatnik's pollution funds. Mr. Blatnik would jump up and down if he took it. Would not this Congress then necessarily be compelled and forced to replenish those funds?

Mr. BELL. It would certainly not be compelled and forced, in any legal sense.

You are correct, that there would be an expectation that the bulk of the funds, at least, would be replenished.

Mr. SCHERER. I have no further questions.

Mr. MCFALL. Mr. Chairman?

The CHAIRMAN. Mr. McFall.

Mr. MCFALL. Mr. Bell, since this is a transfer authority, in the initiation of this $2 billion program, there would be no danger of unbalancing the budget for that particular year since you have a transfer and you are not adding anything to the budget?

Mr. BELL. No, Mr. McFall, the customary figures that are used when we talk about balancing or unbalancing—the figures are not the obligational authority figures but the expenditure figures.

Consequently, the budget that would exist at that time, the budget estimates for receipts and expenditures, as of the time this bill would be called into effect by the President, would have to be modified because the President would be taking an action which would result in increased expenditures in the subsequent period, the year or whatever period it was.

You are quite correct that it would make no change in the existing volume of obligational authority which the Congress had already voted but, you see, any given time there are some tens of billions of dollars of unobligated authority which the Congress has voted for various programs and for various reasons which are not expected to be spent during any given budget year.

Some of this is standby authority which may never be spent but it is for a good reason that the President has recommended and the Congress has agreed that it should be enacted as standby authority.

Mr. MCFALL. Well, let's start with the budget that you sent down this year that is supposed to be in balance with a surplus of $463 million or something like that.

Mr. BELL. Right.

Mr. McFall. Suppose it is then necessary to initiate this $2 billion——

Mr. Bell. Right.

Mr. McFall (continuing). Proposal. You have to transfer this money from this unobligated money, which is included in your budget that you sent down to the Congress this year?

Mr. Bell. No, I thought I made myself clear, Mr. McFall.

Mr. McFall. You transfer it then and you cannot spend it for the original——

Mr. Bell. Right. That would be correct, but the point is that the action the Congress takes on appropriation bills, and other types of legislation which authorize the executive branch to enter into obligations, essentially—and we use this term "obligational authority"—allows the executive branch to make contracts, to hire people, and at a later date, when the contract is executed and when the person hired has performed his services, expenditures are made.

Now, in many programs obligational authority is enacted in one year from which expenditures will not flow until several years subsequently.

For example, when the Congress enacts appropriations for the construction of a Polaris submarine it enacts the entire obligational authority at the beginning, and expenditures will be made as the submarine is gradually constructed and eventually delivered.

So that the expenditures follow over a period of several years.

Now, therefore, the 1963 budget, which is now before the Congress, estimates expenditures of $92½ billion which will flow partly from obligational authority which would be enacted this year but partly from obligational authority which was enacted several years ago, year before last, last year, and so on.

So that there is no automatic relationship between the timing of Congress making the obligation authority available and the timing of the subsequent expenditures.

There is at any given point in time, available to the executive branch some billions of dollars worth of obligational authority from which expenditures are not expected to flow during the next fiscal year. It is standby obligational authority which will be used subsequently.

It is that kind of obligational authority against which we expect the President to draw if and when this legislation is called into effect.

It would not reduce the anticipated expenditures for the budget year. Unless it were restored it would reduce the expenditures that it would be possible to make in some later year, but since it is unobligated authority, by our hypothesis, it is obligational authority which would not be drawn upon for expenditures during the budget year.

There would be time to come back to the Congress and say, under the terms of this authority, the President has temporarily transferred some obligational authority and it is resulting now in immediate expenditures, but the original purpose of that obligational authority still is there.

We do need it restored, so that we can make expenditures when it would originally have been used in a subsequent year.

And, as I say, there are even some kinds of obligational authority which the Congress has enacted which have no specific time for ex-

penditures, standby authorities of various kinds which are on a contingent basis.

Mr. McFall. Are those included in your budget for the year?

Mr. Bell. They are shown in our tables; but, as I say, the question of balancing the budget is normally confined to the actual cash expenditures during the year and, therefore, this standby block of obligational authority is reported to the Congress, but is not expected to be used during the budget year.

And, therefore, it does not affect the budget expenditures which are shown in the budget year.

The Chairman. May the chairman make a statement?

The Secretary of Labor has been waiting about 30 minutes. If the members will shorten their questions I think we can get along a little bit more rapidly.

Mr. Dooley.

Mr. Dooley. Since most, if not all, of the proposed projects would entail considerable State and local community matching there would have to be a backlog of unappropriated State funds available on short notice, and the experience of our highway program has shown that acceleration at the Federal level has very little effect on those States which have financial difficulties.

What do you think of that?

Mr. Bell. Well, there are two parts to that answer, sir.

In the first place, it may very well be that the States and localities can, to some extent, increase the funds which they are prepared to make available even on fairly short notice.

I do not believe the experience of the Highway Act is all black. I agree that they are limited. It is a limited extent to which the States and localites can act quckly to expand the funding that they can put into a program of this type.

Nevertheless, it is not negligible.

The second point, however, is that this draft legislation authorizes the Federal Government to make special loans, which would make money available to the communities quickly to pay for their share of the total funds to carry out a given job.

And the local community would then pay that part of the funding back to the Federal Government at a later time.

This would speed up the availability of funds in many cases to States and localities.

Mr. Dooley. Thank you.

Mr. Gray. Mr. Chairman?

The Chairman. Mr. Gray.

Mr. Gray. I have just one question.

Pursuing the question, Mr. Bell, asked by Mr. McFall, maybe I could put this in proper focus by asking you this: Fiscal year 1962 goes to June 30.

Do you have any idea what the unobligated balances would be as of June 30 of this year?

Mr. Bell. Yes. There is a table on page 268 of the budget for fiscal year 1963, table 17, which shows balances of obligational authority as of four dates: the beginning of the fiscal year 1961, the end of the fiscal year 1961, which was last June 30, the end of the fiscal year 1962, which is the coming June 30, and our expectation for the end of fiscal year 1963.

This shows that the anticipated unobligated balance of obligational authority, as of June 30, 1962, is expected to be $36,315 million, and the table shows how that is expected to be distributed by agencies.

Mr. GRAY. Well, the point is, it would be reasonable to assume that by the end of fiscal 1963 we would have a similar balance?

Mr. BELL. We expect it to be somewhat reduced, but it is still nearly $33 billion.

Mr. GRAY. So the point is that this $2 billion, proposed expenditure, would not throw the budget out of balance, in any sense. This, in effect, is what we might call a balloon note. Is that not correct?

Mr. BELL. A what?

Mr. GRAY. A balloon note. Have you not ever heard of that remark?

Mr. BELL. I have not.

Mr. GRAY. That is where we are taking funds out of one pocket and putting them into another.

We are ballooning this obligation and going to have to pay it at the end of some other obligation. I used to be in the automobile business.

Mr. BELL. In any event, I certainly agree with your basic point, which is that there are ample unobligated balances expected to be available to cover this $2 billion transfer authority which would be given under this bill to the President.

Mr. SCHERER. But is not the real question, how much cash does the Treasury have to pay for these accelerated expenditures? "Unobligated balances" do not mean a thing. Is that not right?

Mr. BELL. The Treasury normally carries cash balances of several billion dollars.

Mr. SCHERER. Well, you would have to raise the debt ceiling if a $2 billion expenditure was accelerated. The reason we can meet our obligations is we do not have to make expenditures from this unobligated balance in 1 or 2 years. They are stretched out over a long period of time?

Mr. BELL. Exactly. As I indicated, a large share of those there will never be any expenditures on. They are contingent.

Mr. SCHERER. That is right, but what you are really doing is accelerating cash expenditures; are you not?

Mr. BELL. That is right, up to $2 billion.

Mr. SCHERER. Up to $2 billion?

Mr. BELL. Right.

Mr. SCHERER. And that would mean that again you would have to raise the debt ceiling if we were in the same position we found ourselves in last March.

Mr. BELL. If we were in the position we were in last March, you are quite correct.

This is a proposal to step up, accelerate expenditures for these particular purposes and, to that extent, to the extent it is used it will obviously affect the budget in that way.

Mr. GRAY. Mr. Chairman, I thought I still had the floor. I did not remember yielding it.

The CHAIRMAN. Mr. Gray?

Mr. GRAY. I notice here in the testimony, Dr. Heller, that during the recession of 1961 we had a loss of—was it $175 billion?

Dr. HELLER. For all of the recessions during the decade of the 1950's the loss was $175 billion of product that would have been pro-

duced had we been operating roughly at 4 percent unemployment throughout that period rather than 5 or 6 or 7 percent for a good part of that period.

Mr. GRAY. This is really an insignificant amount of money to spend then if we can keep our economy, certainly in the soft areas on the climb.

Mr. SCHERER. Remember, we are going to have to borrow this money if——

Mr. GRAY. That is true, but I say to you that if you will come down to my district and see some of our people who are out of work you will see why some of us are so interested in this legislation.

The CHAIRMAN. This colloquy we can take a little later if we can get the witnesses finished and bring on the other witnesses.

Mr. Harvey, you have been trying to get the floor.

Mr. HARVEY. Mr. Chairman, I would like to ask Dr. Heller one question that he has not touched on.

In the Senate subcommittee hearings on a fairly comparable bill, Dr. Heller, there was some testimony to the effect that there was already considerable inflation in the construction industry, and that—I think there is testimony that at least there is some shortage of some skills in labor already.

I wonder if you could give us your outlook on the construction industry at this time, and whether this bill would increase that inflation or what effect it would have upon it?

Dr. HELLER. Mr. Harvey, I have some unemployment rates in construction compared with overall unemployment rates that I think bear very directly on your question.

The unemployment rates in the construction industry have been running steadily higher than the unemployment rates in the economy as a whole for the period that I happened to have here.

Since February 1961 every month shows unemployment in construction higher than the total unemployment rate. For example, in June last year it was 11½ percent against 7½ percent.

In November it was 10½ percent against 5½ percent.

Of course, the winter months are not representative. For February, the last month which we have here, the unemployment in the construction industry was 19.8 percent against 6½ percent. These rates are seasonable uncorrected.

In other words, we have concerned ourselves with precisely the question you have raised. We have looked at the resources available in the construction industry and the prospects for the construction industry, and find that both looking back and looking ahead, the prospects are for a higher rate of unemployment in that industry on the average than for the country on the average.

Mr. HARVEY. Would you differ with the conclusion then that there is already considerable inflation in that particular industry, more so than in other industries, for example?

Dr. HELLER. If you look at the price indexes for the whole postwar period you will find that the price index for construction has probably risen faster than the average, rather than slower than the average.

I would grant that point.

Mr. HARVEY. Mr. Chairman, I have one quick question for Mr. Bell, if I could.

Mr. Bell, again in the same Senate hearings, on page 163, Secretary Goldberg testified in this fashion. He said, and I quote:

> The administration does not believe that now is the appropriate time to initiate broad scale federally financed public works programs in addition to those currently authorized or to place further strains on the Federal budget which such expenditures would entail.

Is it your testimony, sir, that this bill at this time would not place such strains on the Federal budget, contrary to what this testimony was in June of last year?

Mr. BELL. The President's proposal of this morning, I think, Mr. Harvey, speaks for itself.

It is the President's judgment that at the present time, recognizing the position in the areas in question, the position Mr. Gray and Mr. Blatnik and others have referred to, it is indeed desirable for the Federal Government to stimulate additional public works and related types of developmental activity in those areas.

I think Mr. Goldberg will follow us on the stand——

Mr. HARVEY. I appreciate that.

Mr. BELL (continuing). And speak for himself.

Mr. HARVEY. Let me ask you this, because you have a peculiar knowledge of this: Have we used up all of the funds appropriated last year? It was better than $100 million in the area of the Redevelopment Act for public works projects alone.

Have those been committed and used up at this time?

Mr. BELL. Well, again, Mr. Batt, the ARA Administrator, will be on the stand here, I think, perhaps tomorrow or the next day and can answer that more precisely.

It is my understanding that the funds which are available for his program or for that program, the area redevelopment program, are in the course of being committed.

Mr. HARVEY. But this $600 million is in addition to that?

Mr. BELL. It is in addition, that is correct.

Mr. HARVEY. I have no further questions.

Thank you, Mr. Chairman.

The CHAIRMAN. I have one short question and it will be a very short answer.

Under this bill would the President have the power to transfer funds from the highway trust fund for other purposes?

Mr. BELL. Under the standby authority—well, excuse me—under the immediate bill, of course, there is no transfer authority involved.

Under the standby legislation it is not our interpretation that the President would have authority to use trust funds. None of the unobligated balances, to which we have been referring here this morning, are trust funds and we do not anticipate that trust funds would be drawn upon under the transfer authority.

The CHAIRMAN. Mr. Johnson?

Mr. JOHNSON. Mr. Bell, there is one question that I have here which I want to place in the record.

You cite the Secretary of Defense and the Forestry Service of the Department of Agriculture as using this transfer funds account.

Just how is that treated when those funds are put back into the respective agencies?

Does that come up to the Congress——

Mr. BELL. Yes, sir.

Mr. JOHNSON (continuing). In a supplemental appropriation bill?

Mr. BELL. It comes up just as we would anticipate would happen under this standby bill, namely, the Cabinet officer in question, Defense, Interior, Agriculture, whichever program it is, would draw on the unobligated balance in some other appropriation for the spending that is authorized in this case.

Then the President submits, at a later date, to the Congress a request for an appropriation to restore the obligational authority which was thus drawn upon.

And those subsequent appropriation requests come before the appropriations committees in the standard manner, and the appropriations committees decide whether the restoration is necessary or not and the extent to which it may not be necessary.

Mr. JOHNSON. Thank you.

Mr. BELL. As Mr. Scherer said earlier, it is obviously—if this kind of legislation is enacted—it would obviously be an expression of the intent of the Congress that the President would draw on these funds by transfer, and that the Congress would, for the most part, restore them at a later date.

Mr. BALDWIN. Mr. Chairman?

Mr. JOHNSON. I am very familiar with the forestry section but while it does not amounts to billions, it does amount to millions that are used in that and——

Mr. BELL. That is right. That is the way this would work, the same way.

The CHAIRMAN. Mr. Baldwin?

Mr. BALDWIN. Mr. Bell, although you mentioned this would not apply to trust funds it is true, however, under the wording of the bill, that any funds that were appropriated but not yet obligated for any other public works project, like any specific harbor dredging project or any specific flood control project, could be taken if they had not yet been obligated and utilized for some other purpose within the scope of this bill.

And then unless Congress appropriated additional funds for that project they would not be available for that original project?

Mr. BELL. That is correct. Now, it is obvious, as I indicated in my testimony, the President would have to choose which unobligated funds to draw on, and he would plainly draw on those for which there was the least likelihood for immediate demand so there would be plenty of time for the Congress to consider the question of restoration.

Mr. SCHERER. Will you yield?

Mr. BALDWIN. Yes.

Mr. SCHERER. Now, you referred to your bill and to the Blatnik bill. The Blatnik bill I do not agree with at all, but it is better than your bill.

It provides for direct back-door financing. Yours is a subterfuge. It does the same thing indirectly.

The CHAIRMAN. Mr. Kunkel.

Mr. KUNKEL. What amounts to as a temporary bypass of the Appropriations Committee, leaving them with the moral obligation to vote a future appropriation for a different purpose, in order to re-

place the money that was borrowed from the obligated authority for that specific purpose—that is what this is, is it not?

Mr. BELL. It seems to me that is an accurate description of it. Yes, sir.

You understand, the reason for it is because of the difficulty of anticipating. It would be quite possible if the Congress preferred to vote the $2 billion as a standby appropriation. It seemed to us that Congress would be unwilling to do that.

They would not know how much would be drawn on and at the time the President wanted to use these funds it would be important to move quickly under the assumed conditions of the beginning of a recession, and it might very well be that Congress was not in session at that time.

Consequently, the alternative would then be either to ask the Congress to vote $2 billion standby appropriation, to be drawn on possibly at some later time to an extent unknown, and at a time unknown, or else to give the President authority, as this bill would do, to trigger the action immediately by drawing on unobligated balances.

That is essentially it.

Mr. KUNKEL. Well, all I wanted to do was just be sure that we all understood what we were doing.

I wanted to be sure that I understood it.

Mr. BELL. Right. Well, it would work just as the forestry system now works or the military program that I referred to.

The CHAIRMAN. Thank you very much, Dr. Heller, and, Mr. Bell, your associates, Mr. Gordon and Mr. Turner, for coming before the committee this morning. We appreciate very much the information that you have given.

Mr. HARVEY. Mr. Chairman, I wonder, before these gentlemen leave, if it would be understood that they would answer—although I consider it much better to do it here—questions in writing to us because I know some of us have not exhausted some of the questions we have?

The CHAIRMAN. I am sure that if you would write any one of these gentlemen any questions that you would desire to have them answer, they would be glad to do it.

Mr. BELL. Yes, sir.

The CHAIRMAN. And if it would be necessary at a later date I am sure they would be glad to come back.

Mr. BELL. That is correct, sir.

The CHAIRMAN. Thank you very much.

STATEMENT OF HON. ARTHUR J. GOLDBERG, SECRETARY OF LABOR; ACCOMPANIED BY HAROLD KUPTZIN, CHIEF, AREA LABOR MARKET SURVEYS; SEYMOUR WOLFBEIN, DEPUTY ASSISTANT SECRETARY OF LABOR; AND SAMUEL MERRICK, CHIEF, OFFICE OF CONGRESSIONAL LIAISON, DEPARTMENT OF LABOR

The CHAIRMAN. Could we have order, please?

Mr. Secretary, I want to apologize on behalf of the committee for keeping you waiting 35 or 40 minutes.

Our members want to know a little bit about what is happening to the finances of this country, and the questions were prolonged a little bit.

I want to say, on behalf of the committee, further that we appreciate your coming up here this morning to give us your knowledge on just exactly what this standby legislation does.

Have you read the President's letter to the committee?

Secretary GOLDBERG. Yes, Mr. Chairman; I have.

The CHAIRMAN. You may proceed, Secretary Goldberg.

Secretary GOLDBERG. Mr. Chairman, and ladies and gentlemen of the committee: I appreciate very much this opportunity to appear before you in support of the administration's proposal.

I fully understand that you have had a very busy morning, as I have had also since I testified before another committee of the Congress.

The CHAIRMAN. I understand, Mr. Secretary, and we are sorry to have kept you waiting.

Secretary GOLDBERG. Mr. Chairman, with your permission, I would like to offer my prepared statement for the record and summarize its comments.

The CHAIRMAN. If there is no objection it is so ordered.

(The prepared statement of Secretary Goldberg is as follows:)

STATEMENT OF ARTHUR J. GOLDBERG, SECRETARY OF LABOR

I appreciate the opportunity to appear before this committee today in support of the administration's proposal, the Stand-by Capital Improvements Act of 1962 as well as the administration's additional recommendation for immediate action in this area which Chairman Heller of the Council of Economic Advisers has already described to you. The standby proposal is embodied in identical bills introduced by the chairman of this committee as H.R. 10317, by Congressman Blatnik as H.R. 10318, and by Congressman Powell, chairman of the Committee on Education and Labor, as H.R. 10303.

As you know, some 16 years ago, in 1946, the Congress declared in the Employment Act that it is the continuing policy and responsibility of the Federal Government to use all practicable means, consistent with other essential policy considerations, to promote maximum employment, production, and purchasing power. In the four major recessions which this country has experienced since that time, the Congress has conscientiously endeavored to promote this policy and to meet these responsibilities through many programs aimed at maintaining the highest levels possible in these areas.

The administration's proposal for standby authority to initiate and accelerate capital improvement programs when certain specified levels of employment occur in the future is a recognition that the Government must be ready to move promptly to get the economy moving rapidly back to the goals set forth in the Employment Act of 1946. The proposal for authority to begin such programs now at the present level of unemployment is a recognition that, since we did not have standby authority when needed, we must take prompt and effective action now.

Let me review very briefly with you some of the current and past developments which lead us to believe that both of these steps are necessary. Let us look for a moment at the dimensions of the unemployed.

It is a fact that the economy has been moving toward higher levels of employment and lower levels of unemployment during the past year. Our latest figures indicate a record level of 65,789,000 people employed in this country in February 1962. Total employment is well over a million higher than it was a year ago; total unemployment is well over a million below what it was a year ago. The factory workweek is a full hour above a year ago and for those who do have jobs, earnings are at record levels.

While we welcome this progress, there is one major set of returns which we believe makes it essential that the President be given immediate authority to

initiate and accelerate capital improvement projects as well as the standby authority requested earlier. I refer to the fact that there are still 4,543,000 people unemployed in this country. Even more importantly, 1,400,000 of them are classified as long-term unemployed—that is, continuously jobless for 15 weeks or longer. I want particularly to point out that among this group there are approximately three-fourths million workers who have been continuously jobless for 26 weeks or more—a figure, incidentally, which has remained unchanged over the year despite a rising employment level.

A brief review of who these long-term unemployed are, I think, will underscore the point we wish to make. We are particularly concerned by the fact that fully one out of every four of our long-term unemployed represents older men 45 years of age and over, whose reemployment will hinge in significant part on the stimulus to job growth generated by the kind of programs we are recommending here.

By the same token, we are concerned with the fact that while only 5 percent of the American labor force is unskilled, triple that proportion—15 percent—of the long-term unemployed are unskilled workers. Here again, many of these persons would find their reemployment opportunities significantly enhanced by the kind of programs we are discussing today.

The problem in the construction industry is similarly portrayed by the unemployment rates that reach us each month. Here, too, we find that in February 1962 about 5 percent of all the workers in the United States were in the construction trades, but 14 percent of all the long-term unemployed are represented by construction workers.

Thus, no matter how we analyze the statistical rates, by age, by occupation, by industry, the message is clear: There are a significant number of people represented by these figures who are experiencing the intractable human problems posed by very long periods of continued joblessness.

In considering the kinds of programs we are discussing today, I think it is also of some importance to underline the fact that the last decade has seen a rising level of unemployment after each recession, and even during recovery periods. Let me cite just a few figures to illustrate this point: In July 1953, just prior to the 1953–54 recession, the seasonally adjusted unemployment rate in this country stood at 2.6 percent. This recession was then followed by substantial improvement, but in July 1957, just prior to the 1957–58 recession, the seasonally adjusted unemployment rate stood at 4.2 percent. After this particular recession, the unemployment rate fell again, but in May 1960, just prior to the 1960–61 recession, the seasonally adjusted unemployment rate was 5.1 percent.

Thus, each succeeding business cycle of the past decade has left us with a higher rate of unemployment, even at the peak of the prosperous period. The fact of the matter is that in the last 52 months there has been only 1 month when the unemployment rate fell below the seasonally adjusted mark of 5 percent. That month, incidentally, was February 1960, when the rate was 4.9 percent.

It is for these reasons that we believe that unless prompt and effective action is taken to promote employment opportunities for the significantly substantial number of workers who are currently unable to find jobs, we will not move ahead rapidly enough to achieve the goals of maximum employment in this country.

These, then, are the factors with which we must cope at the present time. In confronting these factors, it is our determination that they shall no longer continue to exist; that this shall not be true after this or any future recession. We do not intend to live with these disquieting and lingering pockets of unemployment and these dual measures are, when combined, one of our arsenal of weapons to combat and prevent the conditions plaguing us in the past.

As a means of increasing employment opportunities quickly in the hundreds of communities throughout our Nation which have not shared fully in its recent progress toward recovery, the President is asking that we initiate as soon as possible a $600 million capital improvements program. This program would extend through fiscal 1964 and would be operative in areas eligible for assistance under the Area Redevelopment Act and in communities which have been designated for 12 months or more as areas of substantial unemployment. If this legislation is enacted promptly, some expenditures under the program could be made during this fiscal year. The much needed assistance provided by the program could thus have immediate effect.

Under this proposal, funds could be allocated for Federal capital improvements projects in the areas I have described and for grants and loans to eligible States and localities for improvement of community facilities. Federal grants to States and localities could be for as much as 50 percent of the cost of a project, and even higher in some exceptional cases. The program would also make loans available to those communities which would otherwise be financially unable to meet promptly their share of project costs.

As would be the case under the standby proposal, projects under this program would be limited to those which could be initiated or accelerated in a reasonably short period of time and completed within 12 months after initiation. Other limitations of the standby bill I shall mention later would also apply.

Included among the State and local capital improvements authorized under this program would be such projects as water supply improvement; sewerage systems and water pollution control; construction and improvement of public buildings, such as hospitals and civil buildings; and road, street, airfield, and port improvement. Examples of Federal projects and programs would include conservation activities to improve our public land, water, timber, natural resources, and construction or improvement of laboratories, research and training facilities, and other public buildings.

Although the overall economic impact of a $600 million program is in itself significant, its effect in particular areas can be most telling. Pockets of unemployment exist in hundreds of localities throughout the country, and the creation of jobs in such localities could have an impact far out of proportion to the total size of this program. In addition to the primary employment opportunities such a program could create, I think it is also important to consider that its secondary and tertiary employment effects could be even more impressive.

The legislation we are now recommending takes into account and will move from the vantage point of the excellent measures already passed by the present Congress which are also aimed at reducing the number of unemployed. I refer, for example, to the enactment last year of the administration's Area Redevelopment Act and the passage a few weeks ago of the Manpower Development and Training Act. With these measures already law, we believe that our present proposals, added to measures now being considered by the Congress, such as the Youth Employment Opportunities Act, the unemployment compensation proposal and the administration's tax proposals, will provide a set of related measures all calculated to increase the rate of our economic growth, provide new job opportunities, and alleviate the effects of unemployment.

I should like now to discuss briefly the capital improvements standby authority which is embodied in the administration's proposal. This is another measure which the Federal Government must have ready at hand, and is one of several proposals presented by the President in his Economic Report as a comprehensive program to strengthen the economy against recession.

The administration believes that this several-sided program is needed to counter trends of economic downturn before unemployment and other dislocations assume more serious proportions. In addition to the standby capital improvements authority provided in the administration's proposal now before this committee, the President has also requested other measures to counter trends toward recession, including an expansion and improvement of the unemployment compensation system, covering more workers drawing higher benefits over a longer period of time.

I shall not endeavor to discuss these latter proposals in any detail. However, I think it is important to note that adoption of these measures will provide desirable and needed flexibility in countering recessionary trends.

The administration's proposal to provide the President with standby capital improvements authority would authorize him to proclaim capital improvement acceleration periods when the seasonally adjusted unemployment rate has risen by a specified amount over certain specified period. During these acceleration periods he would be given authority to spend up to $2 billion for the initiation or acceleration of capital improvements projects.

Under this program, the President would be authorized to commit up to $750 million for direct Federal expenditures; $750 million for grants-in-aid to State and local governments; $250 million in loans to State and local governments otherwise unable to meet their share of project costs; $250 million to be distributed among the three categories just mentioned, as he might deem appropriate.

The most serious criticism which in the past has been leveled at public works as a means for countering recessionary trends is that they are initiated too slowly and their completion requires too long a period of time. I do not believe the administration's proposal is susceptible to such criticism. This is due to the fact that the $2 billion potentially available under this program may be authorized for use only on projects and segments of work which—

(1) can be initiated or accelerated within a reasonable period of time;

(2) will meet an essential public need;

(3) if initiated hereunder, can be completed within 12 months after initiation;

(4) will contribute significantly to the reduction of unemployment; and

(5) is not inconsistent with locally approved comprehensive plans for the jurisdiction affected wherever such plans exist.

A capital improvement acceleration period and the authority to initiate new projects would terminate automatically within 12 months unless extended by joint resolution of the Congress and could be terminated at any time by the President. No funds provided under the act could be obligated after termination of a capital improvement acceleration period, and no new period could be proclaimed for 6 months following the date of termination of a prior period.

Other spokesmen for departments and agencies directly responsible for administering Federal and federally aided capital improvement programs will testify in detail concerning administrative aspects of this proposal. I shall therefore not attempt to describe in detail the manner in which a capital improvements acceleration period would be put into effect. However, I think it is significant to note that the unemployment criteria for triggering programs under this proposal is so designed that in each of the four recessions we have experienced since 1948, if this proposal had then been law, the Presidential authority could have been invoked within 4 months after the previous cyclical peak and well before the trough of the recession. The first impact of orders, contracts, and expenditures under the program would have been felt within 1 or 2 months after the authority was invoked.

I believe that the triggering mechanism contained in this proposal is well designed and while rigorous enough to prevent untimely and premature activation is not so restrictive as to prevent benefits of the program to be enjoyed in time to have maximum effect.

As the President pointed out in his Economic Report, the major impact of the program would occur when a stimulus is needed to arrest economic decline and support recovery which would not be delayed until private demands are already pressing hard on the economy's capacity to produce.

Mr. Chairman, I believe there is a real and urgent need for both the immediate and the standby capital improvements authority the administration is requesting in these proposals. I hope and trust that the Congress will move promptly to enact this much-needed legislation into law.

AREAS OF CONTINUED SUBSTANTIAL UNEMPLOYMENT[1] FEBRUARY 1962

FORTY MAJOR AREAS

Alabama: Birmingham, Mobile.
California: Fresno, Los Angeles-Long Beach, San Bernardino-Riverside-Ontario, San Diego, Stockton.
Connecticut: Bridgeport, New Britain, Waterbury.
Florida: Miami.
Indiana: South Bend, Terre Haute.
Kentucky: Louisville.
Louisiana: Baton Rouge, New Orleans.
Massachusetts: Brockton, Lawrence-Haverhill, Springfield-Chicopee-Holyoke.
Michigan: Battle Creek, Muskegon-Muskegon Heights.
Missouri: Kansas City.
New Jersey: Jersey City, Newark.
New York: Buffalo, Utica-Rome.

[1] Areas which are not designated as redevelopment areas, but which have been classified continuously as areas of substantial unemployment over the past year (March 1961–February 1962). Unemployment in areas classified as areas of substantial unemployment usually represents 6 percent or more of the local labor force, discounting seasonal or temporary factors and where the outlook gives no indication of improvement in the near future.

North Carolina: Asheville, Durham.
Ohio: Canton, Hamilton-Middletown, Lorain-Elyria, Toledo, Youngstown-Warren.
Oregon: Portland.
Pennsylvania: Philadelphia.
Tennessee: Chattanooga, Knoxville.
Texas: Beaumont-Port Arthur.
Washington: Spokane, Tacoma.

SIXTY-SIX SMALLER AREAS

Alabama: Anniston, Talladega.
California: Eureka.
Colorado: Pueblo.
Connecticut: Meriden, Middletown, Norwich, Torrington.
Delaware: Dover.
Florida: Fort Lauderdale-Hollywood.
Illinois: Canton, Decatur, Galesburg, La Salle, Mattoon.
Indiana: Connersville, Michigan City-La Porte, Muncie, Vincennes.
Kansas: Coffeyville-Independence-Parsons.
Kentucky: Owensboro.
Louisiana: Lake Charles.
Maine: Lewiston-Auburn.
Massachusetts: Milford, Newburyport.
Michigan: Holland-Grand Haven, Iron Mountain, Jackson, Mount Pleasant.
Mississippi: Biloxi-Gulfport, Greenville, Laurel, Tupelo.
Nevada: Las Vegas.
New York: Elmira, Newburgh-Middletown-Beacon, Olean-Salamanca, Wellsville.
North Carolina: Fayetteville, Greenville, Hendersonville, Mount Airy, Waynesville.
Ohio: Ashtabula-Conneaut, Athens, East Liverpool-Salem, Kent-Ravenna, Mount Vernon, New Philadelphia-Dover, Sandusky, Zanesville, Fremont.
Oklahoma: Ardmore, Shawnee.
Oregon: North Bend-Coos Bay, Roseburg.
Pennsylvania: Bradford, Lock Haven, Oil City-Franklin-Titusville, Williamsport.
Tennessee: Bristol-Johnson City-Kingsport.
Texas: Texarkana.
Utah: Provo-Orem.
Virginia: Covington-Clifton Forge.
Washington: Bellingham.
West Virginia: Martinsburg.
Wisconsin: Marinette-Menominee.

Secretary GOLDBERG. It goes without saying that, as Secretary of Labor charged by Congress with the responsibility of looking after the welfare of the labor force of the United States, the employed and unemployed, I have a great interest and concern with the important subject which this committee is discussing today.

In 1946, some 16 years ago, Congress declared in the Employment Act that it is the continuing policy and responsibility of the Federal Government to use all practical means to promote maximum employment, production, and purchasing power.

It has always seemed to me that it is an objective to which all Americans subscribe.

The CHAIRMAN. Mr. Secretary, some of the younger fellows are having a little difficulty hearing you. Would you please pull the microphone a little closer to you?

Secretary GOLDBERG. It has always seemed to me that the objective of maximum employment, production, and purchasing power is one to which all Americans subscribe regardless of whether they are in labor or in management or regardless of their political party. After all, the thing that has characterized our country more than

anything else is our highly productive labor force, our highly productive manufacturing and agricultural industries, and the concern which we as a nation, have always displayed for the welfare and the well-being of our people.

The matter which we are discussing today is a proposal which deals with the central subject of seeing to it that our economy is moving forward at a proper rate, of seeing to it that our people are gainfully employed in useful jobs, of seeing to it that our industry is prosperous, and seeing to it that our rural areas likewise share in the prosperity of the country.

Now, I think that it would be helpful to you if I would analyze the employment situation, both the positive aspects of it and also some of the aspects which are of concern, I am sure, to all of us.

During the last year the economy has moved toward higher levels of employment and a somewhat lower level of unemployment. In that, all of us can take considerable satisfaction.

Today our latest figures from the Department, as of February, indicate a record level of 65,789,000 people employed in this country.

This is the February 1962 figure.

Total employment is well over a million higher than it was a year ago. Total unemployment is well over a million below what it was a year ago. The factory workweek is a full hour above a year ago, and for those who do have jobs earnings are at record levels.

In fact, in certain of our manufacturing industries, the earnings of workers for the first time in history have exceeded $100 a week, a goal which 20 years ago would have seemed impossible in the eyes of many people.

Now, we can take satisfaction with those positive facts, but there is a major set of returns which have to be considered by all of us in this area, and I refer to the fact that there are still 4,543,000 people unemployed in this country.

Now, from the very outset of our administration and, in fact, in past Congresses as well as in past administrations, the number of unemployed has been a continuing matter of concern both to Congress and to the Executive, as it properly should be.

We have been carefully studying the unemployed, their characteristics, where they are, who they are, because it is important to know these facts when we talk about programs such as the program we are considering here today.

And one of the very disturbing aspects of unemployment in this country is what we classify as the long-term unemployed. In February 1,400,000 of the unemployed were long-term unemployed—that is, continuously jobless for 15 weeks or longer up 100,000 from January. In this group approximately 750,000 have been continuously jobless for 26 weeks or more, a figure which is virtually the same as it was a year ago, despite a rising employment level.

And who are these long-term unemployed? Are they people who casually drift in and out of the labor market? Are they people who do not need work, who do not want work?

Quite to the contrary. Fully one out of every four of our long-term unemployed is an older man, 45 years of age and older, whose reemployment, we are forced reluctantly to conclude, will hinge in considerable measure on the stimulus to job growth generated by the

types of programs we are recommending here, and the types of programs that Congress has already enacted, notably in the Manpower Development and Training Act and in the Area Redevelopment Act.

Now, another aspect of the unemployed, which bears upon the subject you are considering and the type of programs we are recommending, is the fact that a large proportion of unemployed are unskilled workers. The fact is that while only 5 percent of the American labor force is unskilled, triple that portion, 15 percent, of the long-term unemployed are unskilled workers.

Here again it is particularly these types of workers whose employment possibilities will be enhanced by the type of programs we are considering here today.

Now, there is another aspect of the unemployment situation to which I ought to direct your attention, and that is that the problem in the construction industry is also an aggravated problem.

We find that in February 1962, about 5 percent of all workers in the United States were in the construction trades, but 14 percent of all of the long-term unemployed are represented by construction workers.

And, incidentally, 18 percent of the construction labor force is unskilled, which is, again, relevant to the type of legislation that we are considering.

There is another aspect of unemployment which, I think, necessitates the close attention of the Congress as it has necessitated the close attention of our administration. The fact is that the last decade has seen a rising level of unemployment after each recession and even during recovery periods.

Let me cite just a few figures to illustrate this point.

In July 1953, just prior to the 1953–54 recession, the seasonally adjusted unemployment rate in this country stood at 2.6 percent.

And for those who constantly ask the question whether in a great country like ours, you do not have to have considerable unemployment, let us remember that just a few years ago, in 1953–54 we had an unemployment rate which stood at 2.6 percent.

And if we are talking about ultimate goals or targets one of our ultimate goals and targets is to try to get down to where we were in 1953 and 1954, not an impossible goal for our country, by any means.

Now, the recession of 1953–54 was followed by a very substantial improvement but in July 1957, during a period of employment just prior to the 1957–58 recession, the seasonally adjusted unemployment rate stood at 4.2 percent, and then after this particular recession the unemployment rate fell again, but in May 1960, just prior to the 1960–61 recession, the seasonally adjusted unemployment rate was 5.1 percent.

Thus, after each of these periods we emerged with a higher rate of unemployment even at the peak of the prosperous period.

It is disturbing, and I am sure it is disturbing to all of us, that in the last 52 months there has been only 1 month when the unemployment rate fell below the seasonally adjusted rate of 5 percent.

That month, incidentally, was February 1960, when the rate was 4.9 percent.

I do not believe the Congress of the United States or the President, or his administration, intends to live with these disquieting and linger-

ing pockets of unemployment that exist in the country, and I believe very strongly, and I am sure that the Congress shares this belief, that there is no reason why we cannot deal with this problem, deal with it constructively, deal with it within our means and see to it that unemployment is reduced to levels which we achieved in the recent past.

In the letter that the President sent to you he proposed an immediate public works or capital improvements program. Dr. Heller has read you his letter which proposes a $600 million capital improvements program which would extend through fiscal 1964 and would be operative in all areas eligible for assistance under the Area Redevelopment Act, and in communities which have been designated for 12 months or more as areas of substantial unemployment.

If this legislation were promptly enacted we could get some assistance right during this, the remainder of this fiscal year. And, of course, the bulk of the assistance, as has been described to you, would take place during fiscal 1963.

In addition to that, you have before you in the bills that have been offered or in the bill that has been offered the standby proposal for a capital improvements program directed toward averting and minimizing future recessions.

It may be asked if we have 4½ million people more or less unemployed and we have many areas how will the $600 million program immediately help?

It will help significantly and let me say why it would. Pockets of unemployment exist in hundreds of localities throughout the country and the creation of jobs in such localities could have an impact far out of proportion to the total size of this program.

I believe there has been offered to you, through the letter, a list of the communities who would be eligible for assistance and for participation in this program. Let me point out to you something very interesting about this. This is not a sectional proposal.

This is not a proposal designed to help one community to the detriment of another community.

In the two lists, the area redevelopment list and the list of communities where substantial unemployment has persisted for a period of 12 months, you have, if I have read the list correctly, and will offer them for the record, if I may, Mr. Chairman——

The CHAIRMAN. It is so ordered.

Secretary GOLDBERG. We have communities in, I believe, 48 States. I was checking the list as I came here, and I think possibly there are only two States that do not have communities that fall within these two categories.

And we are not so sure that even in those two States there are not some communities which fall within the category, because we have not been able statistically to analyze all communities in the country, large and small. We have stepped up our activities in this area since the Area Redevelopment Act, but we have not yet completed all of the work that is required to be done in this area.

I must say this, Mr. Chairman, that, surely, we must ultimately rely upon our private economy to attain the rate of growth that will support job opportunities for all of our people.

But I do not believe that we can any longer wait on this in terms of the human values involved, the people in various communities who

have been waiting and are anxious and willing to work, and for whom the progressive growth of the economy has not yet afforded jobs.

We have had a remarkable growth of the economy during the last year. Many people thought that the rate of growth that we achieved last year we could not achieve, but we brought up the gross national product from $500 billion to over $540 billion.

And yet we have these pockets of unemployment, and those people have been waiting for their jobs for inordinately long periods of times.

Since in America we believe very strongly that the very best solution to the problems of unemployment is work, the programs we are proposing are not palliatives. I have found from my own travels around the country that what people want most are jobs. It also seems to me that in order to alleviate the effects of unemployment, we must maintain and improve our unemployment program and our welfare programs. We need equal attention to the problem of stimulating job opportunities so that we can afford work to people who want work.

I have been in many States since I took office, and I have found that the universal characteristic of the unemployed, whether they are in Minnesota on the iron ore range, or in Indiana in South Bend, or in southern California, or in Michigan, or in Pennsylvania, or down in any of our Southern States, the universal desire of people is to work, to get jobs.

You know that, too, because they are your constituents. And I believe that we have a responsibility while we are waiting for the private economy and doing all we can to stimulate the private economy, we have an obligation to help in this area and to provide job opportunities.

Now this bill that we are talking about, both in the immediate aspects of its program and in the standby aspect of the program, is not a make-work bill. I would like to emphasize this.

It does not contemplate a restoration of leaf-raking projects nor does it contemplate that we will redo the history of the 1930's where we faced quite a different problem.

I tried to make, in my own mind, a rough estimate of what would happen if we had this immediate bill and later if we get the standby bill. I would conservatively estimate that 95 or more, maybe 98 or maybe 99 percent of the work which would be done under this legislation would be done for private contractors, private employers, and that it would be work in private industry.

This is certainly the thrust of the bill. We are talking about capital improvements which largely would be handled by private contractors building buildings, taking care of pollution situations, building hospitals, doing all of the various types of work, sewage systems, roadbuilding, civic buildings, airfields, street, and port improvements—by and large is done traditionally under our system by private contractors.

So we are not talking about putting people on the Government payroll. We are talking about giving people the opportunity to work in much needed capital improvement projects throughout the country.

It may be said that with the dimensions of the problem as great as they are, if they are great, can this program alone do the job?

The answer is: "No, it cannot alone do the job, but this is one of several measures we are proposing."

Congress has already passed some. We expect that, through the operation of the Manpower and Training Act, job opportunities will be created for people.

It is apparent from what has happened under the Area Redevelopment Act that job opportunities are being created for people. The House will, I hope, soon have before it our Youth Employment Opportunities Act. That will create useful work for the 1 million young people who are out of work in this country, and who are now in the cities and in the rural areas without having job opportunities.

We believe that the permanent improvement of the Unemployment Compensation Act will help. It will help in seeing to it that when people drop out of work their standard of living is somewhat maintained, better maintained than it is now. This, in turn, will help employment because it will keep part of the purchasing power for people that they need so badly when they lose jobs, and that the economy of the country needs.

This committee, I am sure, followed with interest the Temporary Unemployment Compensation Act that was passed last year. More than $550 million were paid out in benefits under that statute last year. Surely, that amount of money had a very beneficial effect upon the economy. When you add that to the total amount paid out in unemployment compensation, and if I remember the figure correctly last year, approximately $4 billion was paid out in unemployment compensation in the country, you can imagine what our situation would have been last year if we did not have the unemployment compensation system to help individuals and to buttress our economy.

While I am not an expert, by any means, on tax measures, I believe that the President's proposals for standby authority in the tax area are a very worthwhile weapon in fighting recessions and should receive the serious consideration of the Congress.

Now, Mr. Chairman, why do we come forward with this program now? That is a legitimate and logical question. I think the answer to that is this: We do not have any lack of confidence in the way the recovery is going. It is going along very well.

In fact, as I have given you some of the figures, and I am sure Dr. Heller talked about it, it is a substantial recovery. The last 2 months have not been as good as we had hoped for but always when you deal with these economic matters you have to take a little longer view in this area than a 2-month period, but the fact of the matter is that, assuming the very best in this area, the number of unemployed will still continue to be very large over the next year.

We have carefully reviewed the economy, as we promised we would. Last year, faced with the problems of a recession, the administration came in with the maximum expenditure program that it felt it could come in with during that period.

Now with a period of recovery at hand and with more tax revenues available, we are coming in with an enlarged program in the employment area. And I am happy that we are because I feel that it is vitally necessary in order to do what has to be done in this particular situation.

I have not talked too much about the standby authority because I believe Dr. Heller and Mr. Bell covered that very adequately.

I think this is an excellent device to use, to move in as a part, again, of a broad program of action to obviate a recession which may be threatening or impending.

I think that the figures that I have given you about what has been happening in prior recessions, indicate that what is strongly needed is a more comprehensive set of tools in a country like ours to deal with unemployment problems.

I personally am not pessimistic about the long range of our economy even though we have many problems, because we are an enormously productive country. I feel, as we enact into law the various types of programs we are proposing, as we move forward on our trade bill to expand our exports, as I hope we will do, as we retrain our people, as we better educate our people, as we revise our tax structure which, I think, is also required. I feel that over the long term we will have vigorous business and vigorous employment. But I do feel that an important part of insuring this is the timely adoption of programs aimed at the individual.

The important thing to remember is this: We are not in a depression. We are in a far different situation. We are not in a situation throughout the Nation such as that we were in during the troublesome times of Franklin Roosevelt, when 25 percent of the national work force was unemployed.

It is a far cry from 25 percent to the 5.6 percent of unemployment that we have now. But there are communities and areas in the United States where they do have a much higher rate of unemployment, and those people are in trouble. It has always been part of the American character to be ready and willing and able to look after those people in the most constructive way.

Now, the most constructive way is to stimulate jobs for those people and that is why it is important to aim the legislation at the problem at hand.

I am sure that the whole Congress of the United States is concerned with the areas of unemployment which exist, and I believe that the program we are proposing here will make a significant contribution towards the solution of this problem.

Perhaps even more important than the number of people who will get jobs is the fact that the people will realize that the Congress of the United States is concerned with the problem and is moving in to render assistance in this area at a time when assistance is very much required.

One of the things I learned when I went around the country is that our people are very realistic people. They know that miracles cannot be performed overnight. They are willing to be patient and tolerant, provided they know that there is concern by the Executive and by the Congress with their problems.

This program, enacted into law, would be a significant manifestation of concern with this problem, a discharge of Government responsibility in this area, and would appreciably help in alleviating the effects of the long-term unemployment which has existed.

I hope, Mr. Chairman, that this legislation will be promptly considered by the committee, and I strongly recommend its enactment.

(The following was furnished for insertion:)

CONSOLIDATED LIST OF REDEVELOPMENT AREAS

(Designated in accordance with secs. 5(a) and 5(b) of the Area Redevelopment Act, Public Law 87–27)

AREA DESIGNATION STATUS REPORT No. 4 CORRECTED TO FEBRUARY 1962

U.S. Department of Commerce Area Redevelopment Administration, Office of Planning and Research, Washington, D.C.

STATISTICAL SUMMARY

Basis for designation	Redevelopment areas	
	Number	Population [1] (millions)
5(a) areas	143	
5(b) areas, except Indian reservations	709	
Total	852	34.2
5(b) Indian reservations	47	.2
Total	876	33.8

[1] Approximate.

Source: Data compiled in the Program Evaluation Division, Office of Planning and Research, Area Redevelopment Administration.

Sec. 5(a) redevelopment areas [1]

State and area	*Area definition* [2] *(Counties unless otherwise noted)*
Alabama:	
Gadsden	Etowah.
Jasper	Walker.
Alaska: Anchorage	All of election district No. 10.
California:	
Modesto	Stanislaus.
Ukiah	Mendocino.
Connecticut:	
Ansonia	Towns in New Haven County: Ansonia, Derby, Oxford, and Seymour.
Bristol	Town in Hartford County: Bristol. Town in Litchfield County, Plymouth.
Danielson	Towns in Windham County: Brooklyn, Canterbury, Eastford, Killingly, Plainfield, Pomfret, Putnam, Sterling, Thompson, and Woodstock.
Georgia:	
Carrollton	Carroll.
Cedartown-Rockmart	Paulding and Polk.
Illinois:	
Cairo-Metropolis [3]	Alexander, Massac, and Pulaski.
Centralia	Clinton and Marion.
Harrisburg [4]	Gallatin, Hardin, Pope, Saline, and White.
Herrin-Murphysboro-West Frankfort [4]	Franklin, Jackson, Johnson, Perry, Union and Williamson.
Litchfield [3]	Bond, Christian, Macoupin, and Montgomery.
Mount Vernon	Hamilton, Jefferson, and Wayne.
Indiana:	
Evansville	Vanderburgh County, Ind., and Henderson County, Ky.
New Castle	Henry.
Kansas: Pittsburg	Cherokee and Crawford.

See footnotes at end of table.

Sec. 5(a) redevelopment areas [1]

State and area	*(Counties unless otherwise noted)* ***Area definitions*** [2]
Kentucky:	
Corbin [4]	Clay, Knox, Laurel, and Whitley.
Danville	Boyle, Garrard, Lincoln, and Mercer.
Elizabethtown [5]	Grayson, Hardin, Larue, and Meade.
Hazard [4]	Breathitt, Letcher, and Perry.
Hopkinsville	Caldwell, Christian, Todd, and Trigg.
Madisonville [4]	Hopkins, Muhlenberg, and Webster.
Middlesboro-Harlan [4]	Bell, Harlan, and Leslie.
Morehead-Grayson [6]	Carter, Elliott, Greenup, and Rowan.
Paducah [4]	Ballard, Graves, McCracken, and Marshall.
Paintsville-Prestonsburg [4]	Floyd, Johnson, Knott, Magoffin, and Martin.
Pikesville-Williamson	Pike County, Ky.; Mingo County, W. Va.
Richmond	Estill, Jackson, Madison, and Rockcastle.
Louisiana:	
Hammond	Tangipahoa Parish.
Opelousas	St. Landry Parish.
Maine: Biddeford-Sanford	City of Biddeford.
	City of Saco.
	Towns in York County: Acton, Alfred, Arundel, Buxton, Cornish, Dayton, Hollis, Kennebunk, Kennebunkport, Lebanon, Limerick, Limington, Lyman, Newfield, North Berwick, Old Orchard Beach, Parsonfield, Sanford, Shapleigh, and Waterboro.
Maryland:	
Cambridge	Dorchester.
Cumberland	Allegany County, Md., and Mineral County, W. Va.
Hagerstown	Washington.
Massachusetts:	
Fall River	City of Fall River.
	Towns in Bristol County, Mass: Somerset, Swansea, and Westport.
	Town in Newport County, R.I.: Tiverton.
Lowell	City of Lowell.
	Towns in Middlesex County: Billerica, Chelmsford, Dracut, Tewksbury, and Tyngsborough.
New Bedford	City of New Bedford.
	Towns in Bristol County: Achushnet, Dartmouth, and Fairhaven.
	Towns in Plymouth County: Marion and Mattapoisett.
North Adams	City of North Adams.
	Towns in Berkshire County: Adams, Clarksburg, Florida, New Ashford, Savoy, and Williamstown.
	Town in Franklin County: Monroe.
Michigan:	
Adrian	Lenawee.
Bay City	Bay
Detroit	Macomb, Oakland, and Wayne.
Escanaba [4]	Delta and Schoolcraft.
	Townships in Menominee County: Harris, Meyer, and Spalding.
Flint	Genessee.
Marquette [4]	Marquette.

See footnotes at end of table.

Sec. 5(a) redevelopment areas[1]

State and area	*(Counties unless otherwise noted) Area definitions*[2]
Michigan—Continued	
Monroe	Monroe.
Port Huron	St. Clair.
Traverse City	Grand Traverse, Kalkaska, and Leelanau.
Minnesota:	
Brainerd-Grand Rapids[7]	Aitkin, Cass, Crow Wing, and Itasca.
Duluth-Superior	City of Duluth in St. Louis County, Minn.
Hibbing-Virginia	Douglas County, Wis.
Missouri:	St. Louis County except city of Duluth.
Flat River[7]	Iron, Madison, St. Francois, Ste. Genevieve, and Washington.
Washington	Franklin.
Montana:	
Butte	Silver Bow.
Kalispell[3]	Flathead and Lincoln.
New Jersey:	
Atlantic City	Atlantic.
Bridgeton	Cumberland.
Lakewood-Toms River	Ocean.
Long Branch	Monmouth.
Ocean City-Wildwood-Cape May	Cape May.
Paterson-Passaic[8]	Passaic County.
New York:	
Amsterdam	Montgomery.
Auburn	Cayuga.
Gloversville	Fulton.
Jamestown-Dunkirk	Chautauqua.
Ogdensburg-Messena-Malone	Franklin and St. Lawrence.
Oneonta	Otsego.
Plattsburgh	Clinton.
Schenectady[8]	Schenectady.
Watertown	Jefferson.
North Carolina:	
Fayetteville[3]	Cumberland.
Henderson-Oxford	Franklin, Granville, and Vance.
Kinston	Lenoir.
Lumberton	Robeson.
Rockingham-Hamlet	Richmond.
Wilson	Wilson.
Ohio:	
Athens-Logan-Nelsonville[3]	Athens, Hocking, and Vinton.
Batavia-Georgetown-West Union[3]	Adams, Brown, and Clermont.
Cambridge	Guernsey and Noble.
Portsmouth-Chillicothe[3]	Jackson, Pike, Ross, and Scioto.
Oklahoma:	
McAlester	Pittsburg.
Muskogee	Muskogee.
Okmulgee-Henryetta	Okmulgee.
Pennsylvania:	
Altoona	Blair.
Berwick-Bloomsburg	Columbia except borough of Centralia and township of Conyngham.
Butler	Butler.
Clearfield-DuBois	Boroughs of Philipsburg and South Philipsburg. Township in Centre County: Rush. Clearfield. Boroughs of Brockway: Falls Creek, Reynoldsville, and Sykesville. Townships in Jefferson County: Synder, Washington, and Winslow.

See footnotes at end of table.

Sec. 5(a) redevelopment areas [1]

State and area	*(Counties unless otherwise noted) Area definitions* [2]
Pennsylvania—Continued	
Erie	Erie.
Indiana	Indiana.
Johnstown	Cambria and Somerset.
Kittanning-Ford City	Armstrong.
Lewistown	Juaniata and Mifflin.
Meadville	Crawford, except city of Titusville. Townships of: Athens, Bloomfield, Oil Creek, Rome, Sparta, Steuben, and Troy, Boroughs of Centerville: Hydetown, Spartansburg, and Townville.
New Castle	Lawrence.
Pittsburgh	Allegheny, Beaver, Washington, and Westmoreland.
Pottsville-Lehighton [9]	Carbon and Schuylkill.
St. Marys [3]	Cameron and Elk.
Sayre-Anthens-Towanda	Bradford.
Scranton	Lackawanna.
Sharon-Farrell	Mercer.
Sunbury-Shamokin-Mount Carmel	Borough of Centralia. Township in Columbia County: Conyngham. Montour, Northumberland, Snyder, and Union.
Uniontown-Connellsville	Fayette.
Wilkes-Barres-Hazleton	Luzerne.
Puerto Rico, Commonwealth of:	Municipios of—
Aguadilla	Aguada and Aguadilla.
Arecibo [3]	Arecibo, Camuy, and Hatillo.
Caguas [3] [4]	Caguas, Aguas Buenas, Cidra, Gurabo, Juncos, and San Lorenzo.
Guayama	Arroyo, Guayama, and Patillas.
Mayaguez	Mayaguez.
Ponce	Ponce.
San Juan	Bayamon, Catano, Guaynabo, and San Juan.
Rhode Island:	
Providence-Pawtucket	Bristol County: city of Warwick. Towns in Kent County: Coventry, East Greenwich, and West Warwick. Towns in Newport County: Jamestown. Cities of Central Falls: Cranston, East Providence, Pawtucket, Providence, and Woonsocket. Towns in Providence County: Burrillville, Cumberland, Johnston, Lincoln, North Providence, North Smithfield, and Smithfield. Towns in Washington County: Narragansett and North Kingstown. City of Attleboro. Towns in Bristol County, Mass.: North Attleborough and Seekonk. Towns in Norfolk County, Mass.: Bellingham, Franklin, Plainville, and Wrentham. Towns in Worcester County, Mass.: Blackstone and Millville.
South Carolina: Conway	Horry.

See footnotes at end of table.

Sec. 5(a) redevelopment areas[1]

State and area	*(Counties unless otherwise noted) Area definitions*[2]
Tennessee:	
Greeneville	Greene.
LaFollette-Jellico-Tazewell[3]	Campbell and Claiborne.
Harriman-Rockwood	Roane and Morgan.
Texas: Laredo	Webb.
Virginia: Big Stone Gap-Appalachia[3]	Lee and Wise. Independent city of Norton.
Washington:	
Aberdeen	Grays Harbor.
Anacortes	Skagit.
Centralia	Lewis.
Wenatchee	Chelan and Douglas.
Yakima	Yakima.
West Virginia:	
Beckley	Raleigh.
Bluefield	Mercer.
Charleston	Kanawha.
Clarksburg	Doddridge, Harrison, and Taylor.
Fairmont	Marion.
Huntington-Ashland	Cabell, Wayne, Boyd, Ky., and Lawrence, Ohio.
Logan[4]	Boone (Washington District) (redefined area includes all of Boone County). Logan, Lincoln (Harts Creek District).
Morgantown	Monongalia.
New Martinsville	Tyler, Wetzel, and Monroe, Ohio.
Oak Hill-Montgomery	Fayette.
Parkersburg	Pleasants, Ritchie, Wirt, and Wood.
Point Pleasant-Gallipolis[3]	Jackson, Mason, Putnam, Gallia, Ohio, and Meigs, Ohio.
Ronceverte-White Sulphur Springs	Greenbrier and Monroe.
Welch	McDowell.
Wheeling	Marshall, Ohio, and Belmont County, Ohio.
Wisconsin: La Crosse	La Crosse.

[1] The criteria are:

1. Unemployment is currently 6 percent or more of the work force, discounting seasonal or temporary factors and has averaged at least 6 percent for the periods below; and
2. The annual average rate of unemployment has been at least:
   (*a*) 50 percent above the national average for 3 of the preceding 4 calendar years; or
   (*b*) 75 percent above the national average for 2 of the preceding 3 calendar years; or
   (*c*) 100 percent above the national average for 1 of the preceding 2 calendar years.

Sec. 5(a) areas are designated on the basis of data provided by the Department of Labor.

[2] Since being designated on June 9, 1961, as redevelopment areas, certain labor market areas have been geographically redefined by the Department of Labor. In most cases, a multiple county labor market area was split into single county "very small" labor market areas (normally subject to designation as redevelopment areas under sec. 5(b) of the Area Redevelopment Act). In order to avoid confusion in the administration of the area redevelopment program, the original geographic structure of these labor market areas has been retained. If redefinition involved the addition of political units, such areas were added to the redevelopment area definition; no areas were dropped. It is contemplated that early in 1962 the geographical definition of redevelopment areas will be changed to coincide, wherever possible, with the Department of Labor definition. At the same time, many changes in area eligibility may result from recomputation of unemployment figures in relation to the 1961 national average.

[3] Redefined by Labor, August 1961.

[4] Redefined by Labor, September 1961.

[5] Grayson County formerly designated as a sec. 5(b) redevelopment area.

[6] Redefined by Labor, November 1961.

[7] Redefined by Labor, July 1961.

[8] Subarea.

[9] Redefined by ARA to consist of the Pottsville and Lehighton-Palmerton labor market areas.

Sec. 5 redevelopment areas (excluding Indian reservation areas)

[Eligibility of each area listed below is indicated numerically by one or more of the following: (1) Areas of low income; (2) areas of low farm income; (3) rural development counties; (4) areas of low production farming; (5) very small areas of substantial and persistent unemployment, certified by Labor; (6) other]

State and county name[1]

Alabama:
- Autauga (2)
- Barbour (2)
- Bibb (2)
- Blount (5)
- Bullock (1) (2) (4)
- Chilton (3)
- Choctaw (1) (2) (4)
- Clarke (2) (4)
- Conecuh (1) (5)
- Coosa (3)
- Crenshaw (1)
- Cullman (5)
- Dallas (2) (4)
- Elmore (3)
- Fayette (3) (4)
- Greene (1) (2) (4)
- Hale (1) (2) (4)
- Lamar (1) (2)
- Lowndes (1) (2) (4)
- Macon (1) (2) (4)
- Marengo (1) (2) (4)
- Marshall (5)
- Marion (6)
- Perry (1) (2) (5)
- Pickens (1) (2)
- Russell (2) (4)
- St. Clair (5)
- Sumter (1) (2) (4)
- Washington (1)
- Wilcox (1) (2) (4)

Alaska:
- Aleutian Islands Election District No. 14 (5)
- Barrow Election District No. 21 (5)
- Bethel Election District No. 16 (5)
- Bristol Bay Election District No. 15 (5)
- Cordova-McCarthy Election District No. 7 (5)
- Fairbanks Election District No. 19 (5)
- Kenai-Cook Inlet Election District No. 12 (4) (5)
- Ketchikan Election District No. 2 (5)
- Kobuk Election District No. 22 (5)
- Kodiak Election District No. 13 (5)
- Kuskokwim Election District No. 17 (5)
- Lynn Canal-Icy Straits Election District No. 6 (5)
- Nome Election District No. 23 (5)
- Palmer-Wasilla-Talkeetna Election District No. 9 (5)

State and county name[1]

Alaska—Continued
- Prince of Wales Election District No. 1 (5)
- Seward Election District No. 11 (5)
- Upper Yukon Election District No. 20 (5)
- Valdez-Chitina-Whittier Election District No. 8 (5)
- Wade Hampton Election District No. 24 (5)
- Wrangell-Petersburg Election District No. 3 (5)
- Yukon-Koyukuk Election District No. 18 (5)

Arizona:
- Apache (1) (2)
- Mohave (3)
- Navajo (3)

American Samoa (territory of): American Samoa (6)

Arkansas:
- Ashley (2)
- Baxter (6)
- Calhoun (6)
- Chicot (1) (2)
- Cleburne (6)
- Conway (5)
- Crittenden (1) (2)
- Desha (1) (2)
- Drew (6)
- Fulton (3)
- Independence (3)
- Izard (3)
- Johnson (5)
- Lee (1)
- Lincoln (1) (2)
- Little River (6)
- Madison (1) (3)
- Marion (6)
- Montgomery (1)
- Newton (1)
- Ouachita (3)
- Perry (5)
- Phillips (2) (3)
- Scott (5)
- Searcy (1)
- Sharp (1)
- Stone (1)
- Van Buren (1) (2) (3)
- Woodruff (1) (3)

California:
- Del Norte (5)
- Lassen (5)
- Plumas (5)
- San Benito (5)
- Sierra (5)
- Trinity (5)

See footnotes at end of table.

Sec. (5) redevelopment areas (excluding Indian reservation areas)—Con.

State and county name[1]

Colorado:
- Alamosa (5)
- Clear Creek (2)
- Conejos (5)
- Costilla (5)
- Gilpin (2)
- Huerfano (5)
- Las Animas (5) (6)

Florida:
- Calhoun (5)
- Franklin (5)
- Holmes (1) (5)
- Jackson (3)
- Jefferson (1) (2)
- Lafayette (1)
- Liberty (6)
- Pasco (5)
- Suwannee (3)
- Walton (6)
- Washington (3)

Georgia:
- Baker (1)
- Baldwin (2)
- Banks (1) (2)
- Barrow (2)
- Brantley (5)
- Bryan (5)
- Bulloch (1)
- Burke (1) (2)
- Calhoun (1) (2)
- Chattahoochee (2) (except Fort Benning)
- Clay (1) (2)
- Crisp (2)
- Dawson (1) (2)
- Dooly (1) (2)
- Dougherty (2)
- Early (1) (5)
- Elbert (2)
- Forsyth (1) (2)
- Franklin (1) (2)
- Glascock (1) (2)
- Habersham (3)
- Hancock (1) (2) (4)
- Heard (1)
- Henry (2)
- Jefferson (1) (2)
- Jenkins (1) (2)
- Johnson (1) (2)
- Laurens (1) (2)
- Lee (1) (2)
- Lincoln (4)
- Lumpkin (1)
- Macon (1) (2)
- Marion (1) (2) (5)
- McIntosh (2)
- Meriwether (3)
- Montgomery (1)
- Oglethorpe (1)
- Pulaski (2)
- Rabun (1)
- Randolph (1) (2)
- Schley (1)

State and county name[1]

Georgia—Continued
- Screven (1) (2)
- Stewart (1) (2)
- Sumter (2)
- Talbot (1)
- Taliaferro (1) (2)
- Taylor (1) (2)
- Terrell (1) (2) (5)
- Toombs (2)
- Towns (1) (2)
- Twiggs (3)
- Union (1)
- Walton (2)
- Warren (1) (5)
- Washington (1) (2)
- Wayne (3)
- Webster (1) (2)
- Wheeler (5)
- White (1)
- Wilkes (1) (2)
- Worth (1) (2)

Guam (territory of): Guam (6)

Hawaii: Hawaii (6)

Idaho:
- Benewah (5)
- Bonner (5)
- Clearwater (5)
- Idaho (5)
- Kootenai (5)
- Shoshone Avery-Clarkia CCD (5)

Illinois:
- Carroll (5)
- Edwards (5)
- Mercer (5)
- Monroe (5)
- Moultrie (5)
- Randolph (5)
- Richland (5)

Indiana:
- Clark (3)
- Clay (5)
- Crawford (3)
- Dearborn (5)
- Greene (5)
- Harrison (3)
- Jasper (5)
- Jennings (5)
- Lawrence (5)
- Monroe (3)
- Morgan (5)
- Ohio (3)
- Orange (3)
- Perry (3)
- Pike (5)
- Pulaski (5)
- Ripley (3)
- Scott (5)
- Spencer (3)
- Starke (5)
- Sullivan (5)
- Switzerland (3)
- Vermillion (5)
- Washington (5)

See footnotes at end of table.

Sec. (5) *redevelopment areas* (*excluding Indian reservation areas*)—Con.

State and county name[1]

Iowa:
- Appanoose (5) (6)
- Monroe (6)

Kansas: Rice (3)

Kentucky:
- Adair (1)
- Allen (3)
- Barren (3) (5)
- Bath (5)
- Butler (1) (3)
- Calloway (5)
- Carlisle (5)
- Clinton (4)
- Crittenden (5)
- Cumberland (1)
- Edmonson (3)
- Fulton (5)
- Green (3)
- Hart (3)
- Hickman (5)
- Lawrence (4)
- Lee (1) (4)
- Lewis (3)
- Livingston (1)
- Logan (3)
- Lyon (5)
- Menifee (5)
- Metcalfe (1) (3) (5)
- McCreary (4) (5)
- Monroe (1)
- Morgan (1) (4)
- Nelson (5)
- Oldham (5)
- Owsley (1) (4)
- Pendleton (5)
- Powell (1)
- Pulaski (5)
- Scott (5)
- Shelby (5)
- Simpson (3)
- Warren (3)
- Wayne (5)
- Wolfe (4)

Louisiana:
- Arcadia (5)
- Allen (5)
- Ascension (5)
- Avoyelles (3)
- East Carroll (1) (2) (3)
- East Feliciana (1)
- Evangeline (5)
- Franklin (3)
- Lafayette (4)
- Madison (1) (2) (3)
- Natchitoches (1) (5)
- Red River (1)
- Sabine (5)
- Tensas (1) (2) (3)
- Vermilion (5)
- Vernon (5)
- Washington (3)
- Webster (5)
- West Carroll (5)

See footnotes at end of table.

State and county name[1]

Maine:
- Towns in Aroostook County (5):[2]
  - Crystal
  - Dyer Brook
  - Hersey Town
  - Island Falls
  - Merrill
  - Moro Plantation
  - Oakfield
  - Sherman
  - Smyrna
- Towns in Knox County (5):[2]
  - Camden
  - Cushing
  - Friendship
  - Hope
  - Owls Head
  - Rockport
  - St. George
  - South Thomaston
  - Union
  - Warren
  - Rockland City
- Towns in Lincoln County (5):[2]
  - Boothbay[3]
  - Boothbay Harbor[3]
  - Southport[3]
  - Waldoboro[2]
- Towns in Penobscot County (5):[4]
  - Mount Chase Plantation
  - Patten
  - Stacyville
  - T. 2, R 6 W. E. L. S. (Herseytown)
- Piscataquis (5)
- Washington (3) (5)

Maryland:
- Cecil (5)
- Garrett (3) (5)
- Somerset (5)

Massachusetts:
- Dukes (4)
- Towns in Plymouth County (5):[5]
  - Kingston
  - Plymouth
  - Plympton

Michigan:
- Alger (3) (5)
- Antrim (5)
- Arenac (5)
- Baraga (3) (5)
- Benzie (5)
- Charlevoix (5)
- Cheboygan (5)
- Chippewa (3) (5)
- Dickinson (3)
- Emmet (5)
- Gogebic (3) (5)
- Hillsdale (5)
- Houghton (3) (5)
- Huron (5)
- Iron (3)
- Keweenaw (3) (5)

Sec. (5) redevelopment areas (excluding Indian reservation areas)—Con.

State and county name[1]

Michigan—Continued
- Lake (5)
- Lapeer (5)
- Livingston (5)
- Luce (3) (5)
- Mackinac (3) (5)
- Manistee (5)
- Mecosta (5)
- Menominee (3) except townships of Harris, Myer, Spalding)
- Missaukee (5)
- Oceana (5)
- Ontonagon (3)
- Osceola (5)
- Otsego (5)
- Roscommon (5)
- Tuscola (5)
- Van Buren (5)
- Wexford (5)

Minnesota:
- Beltrami (3) (5)
- Carlton (3)
- Clearwater (3) (5)
- Cook (4)
- Hubbard (3) (5)
- Kanabec (3)
- Koochiching (3)
- Lake (3)
- Lake of the Woods (3)
- Pine (3) (5)
- Roseau (5)

Mississippi:
- Attala (1) (2)
- Amite (3)
- Benton (1) (2)
- Bolivar (1) (2)
- Calhoun (3)
- Carroll (1) (2)
- Chickasaw (3)
- Choctaw (1) (2) (4)
- Claiborne (1) (5)
- Clarke (4)
- Clay (2)
- Copiah (3) (5)
- Covington (3)
- Desoto (1) (2)
- Franklin (5)
- Holmes (1) (2) (3)
- Humphreys (1) (2)
- Issaquena (1) (2)
- Jasper (1) (2)
- Jefferson (1) (2)
- Jefferson Davis (1) (2) (4)
- Kemper (1) (2) (4)
- Lafayette (1) (2)
- Lawrence (3)
- Leake (1) (2) (4)
- Leflore (2)
- Lincoln (5)
- Madison (1) (2) (4) (5)
- Marion (5)
- Marshall (1) (2)
- Neshoba (3) (4)
- Newton (1) (2)

State and county name[1]

Mississippi—Continued
- Noxubee (1) (2) (4)
- Oktibbeha (2)
- Panola (1) (2)
- Pike (3)
- Pontotoc (5)
- Quitman (1) (2)
- Sharkey (1) (2)
- Simpson (3)
- Smith (1)
- Sunflower (1) (2)
- Tallahatchie (1) (2) (5)
- Tate (1) (2)
- Tippah (3)
- Tunica (1) (2)
- Walthall (1)
- Warren (2)
- Washington (2)
- Webster (1)
- Wilkinson (1) (2) (4)
- Winston (1) (2)
- Yalobusha (1) (2)
- Yazoo (1) (2)

Missouri:
- Bollinger (1)
- Carter (6)
- Dallas (1)
- Douglas (1) (3)
- Dent (3)
- Grundy (3)
- Hickory (1)
- Howell (3)
- Lafayette (5)
- Mercer (3)
- Ozark (1)
- Oregon (6)
- Pemiscot (5)
- Reynolds (1)
- Ripley (1)
- Shannon (1)
- Stone (3)
- Texas (6)
- Taney (3)
- Wayne (6)
- Wright (1)

Montana:
- Carbon (5)
- Deer Lodge (6)
- Lake (3)
- Ravalli (3)
- Sanders (5)

Nebraska:
- Boone (3)
- Buffalo (3)
- Custer (3)
- Dawson (3)
- Garfield (3)
- Greeley (3)
- Howard (3)
- Loup (3)
- Nance (3)
- Sherman (3)
- Valley (3)
- Wheeler (3)

See footnotes at end of table.

Sec. (5) redevelopment areas (excluding Indian reservation areas)—Con.

State and county name[1]

Nevada:
- Lincoln (3)
- Mineral (4)

New Mexico:
- Catron (3) (5)
- Colfax (5)
- Grant (5)
- Guadalupe (3)
- McKinley (2) (4)
- Mora (1) (5)
- Rio Arriba (3) (5)
- Sandoval (1) (3) (4) (5)
- San Juan (3)
- San Miguel (3) (5)
- Santa Fe (3)
- Socorro (3) (5)
- Taos (4) (5)
- Torrance (3) (5)
- Valencia (3)

New York: Essex (5)

North Carolina:
- Alleghany (1)
- Anson (3) (5)
- Ashe (1) (4)
- Avery (4) (5)
- Bertie (3)
- Bladen (5)
- Carteret (5)
- Cherokee (5)
- Clay (5) (6)
- Columbus (5)
- Gates (1)
- Graham (4) (5)
- Hoke (2)
- Hyde (1)
- Lincoln (5)
- Macon (5)
- Madison (1) (4) (5)
- Mitchell (4) (5)
- Person (5)
- Swain (4) (5)
- Warren (5)
- Watauga (1) (3) (4)
- Yancey (4) (5)

Ohio:
- Highland (3)
- Morgan (3)
- Washington (3)

Oklahoma:
- Adair (1)
- Atoka (5)
- Cherokee (1) (3) (5)
- Choctaw (1) (3)
- Coal (5)
- Delaware (5)
- Grady (5)
- Haskell (5)
- Hughes (5)
- Johnston (5)
- Latimer (3)
- Le Flore (5)
- Marshall (5)

State and county name[1]

Oklahoma—Continued
- Mayes (5)
- McCurtain (5)
- McIntosh (1)
- Murray (5)
- Ottawa (5)
- Okfuskee (5)
- Pontotoc (5)
- Pushmataha (1)
- Sequoyah (5)
- Wagoner (5)

Oregon:
- Clatsop (5)
- Columbia (5)
- Hood River (5)
- Josephine (5)
- Lincoln (3) (5)
- Sherman (5)
- Wasco (5)
- Yamhill (5)

Pennsylvania:
- Bedford (3) (5)
- Clarion (3) (5)
- Clinton (3)
- Forest (3)
- Fulton (3)
- Greene (3) (5)
- Huntingdon (3) (5)
- Jefferson (5)
- Lycoming (3)
- McKean (3)
- Monroe (3)
- Perry (5)
- Pike (3) (5)
- Potter (3) (5)
- Sullivan (3) (5)
- Susquehanna (3) (5)
- Tioga (3) (5)
- Venango (3)
- Warren (3)
- Wayne (3) (5)
- Wyoming (3) (5)

Puerto Rico, Commonwealth of:
- Barranquitas (3)
- Ceiba (5)
- Comerio (3)
- Corozal (3)
- Fajardo (5)
- Humacao (5)
- Las Piedras (5)
- Luquillo (5)
- Maunabo (5)
- Naguabo (5)
- Naranjito (3)
- Orocovis (3)
- Quebradillas (5)
- Salinas (5)
- Trujillo Alto (5)
- Vega Alto (5)
- Vega Baja (5)
- Yabucoa (5)

See footnotes at end of table.

Sec. (5) redevelopment areas (excluding Indian reservation areas)—Con.

State and county name[1]

South Carolina:
- Aiken (2)
- Allendale (1) (2)
- Bamburg (1) (2) (3)
- Barnwell (1) (2)
- Beaufort (1) (2)
- Berkeley (1) (3) (4)
- Calhoun (1) (2)
- Chester (2)
- Chesterfield (3)
- Clarendon (1)
- Colleton (3) (5)
- Darlington (3)
- Dorchester (3)
- Hampton (2)
- Jasper (3)
- Kershaw (3)
- Lancaster (3)
- Lee (1) (2)
- Marlboro (1) (2) (5)
- McCormick (2) (4)
- Orangeburg (1) (2)
- Williamsburg (1)

South Dakota: Shannon (1)

Tennessee:
- Benton (6)
- Bledsoe (6)
- Clay (1)
- Cocke (5)
- Cumberland (5)
- Decatur (1)
- DeKalb (1)
- Dickson (5)
- Fayette (1) (2)
- Fentress (6)
- Grainger (1) (3)
- Grundy (5) (6)
- Hancock (1) (4)
- Hardeman (1) (2)
- Hardin (3) (5)
- Hickman (5)
- Houston (1) (3)
- Humphreys (5)
- Jackson (1)
- Johnson (1)
- Macon (1) (3)
- Marion (3) (5)
- McNairy (5)
- Overton (1) (4)
- Perry (1)
- Pickett (1) (4)
- Putnam (6)
- Rhea (5)
- Robertson (5)
- Scott (5)
- Sequatchie (5) (6)
- Sevier (5)
- Smith (5)
- Unicoi (4)
- Union (1) (4)
- Van Buren (1)
- Wayne (5)
- White (5)

State and county name[1]

Texas:
- Anderson (3)
- Angelina (3)
- Bowie (3)
- Camp (3)
- Cass (3)
- Cherokee (3)
- Delta (3)
- Dimmit (2)
- Franklin (3)
- Freestone (3)
- Gregg (3)
- Harrison (3)
- Henderson (3)
- Hopkins (3)
- Houston (3)
- Jasper (3)
- Kenedy (1) (2)
- Lamar (3)
- Leon (3)
- Limestone (5)
- Madison (3)
- Marion (3)
- McCulloch (5)
- Montgomery (3)
- Morris (3)
- Nacogdoches (3)
- Newton (3)
- Panola (3)
- Polk (3)
- Rains (3)
- Red River (3)
- Robertson (3)
- Rusk (3)
- Sabine (3)
- San Augustine (1) (2) (3)
- San Jacinto (1)
- Shelby (3)
- Smith (3)
- Terrell (2)
- Titus (3)
- Trinity (3)
- Tyler (3)
- Upshur (3)
- Val Verde (2)
- Van Zandt (3)
- Walker (3)
- Waller (1)
- Wood (3)
- Zapata (1) (2)

Utah:
- Beaver (5)
- Carbon (5)
- Emery (5)
- Garfield (5)
- Juab (5)
- Sanpete (5)
- Summit (5)
- Wasatch (5)

Virginia:
- Buchanan (4)
- Carroll (3) (4)
- Cumberland (1) (3)

See footnotes at end of table.

Sec. (5) redevelopment areas (excluding Indian reservation areas)—Con.

State and county name[1]

Virginia—Continued
- Dickenson (4) (5)
- Fluvanna (1)
- Grayson (3)
- Russell (5)
- Scott (4)

Virgin Islands (Territory of the): Virgin Islands (6)

Washington:
- Clallam (5)
- Ferry (3)
- Jefferson (5)
- Kittitas (5)
- Okanogan (5)
- Pend Oreille (3) (5)
- Pacific (5)
- San Juan (5)
- Stevens (3) (5)

West Virginia:
- Braxton (3) (5)
- Calhoun (4) (5)
- Clay (4) (5)
- Gilmer (3) (5)
- Grant (5)
- Hampshire (5)
- Hardy (5)
- Lewis (3) (5)
- Lincoln, except Harts Creek District (5)
- Morgan (5)
- Nicholas (5)
- Pendleton (5)
- Pocahontas (5)

State and county name[1]

West Virginia—Continued
- Preston (5)
- Randolph (5)
- Roane (5)
- Summers (3) (5)
- Tucker (5)
- Upshur (3) (5)
- Webster (5)
- Wyoming (6)

Wisconsin:
- Ashland (3) (5)
- Bayfield (3) (5)
- Burnett (3)
- Door (5)
- Florence (3)
- Forrest (3) (5)
- Iron (3) (5)
- Juneau (5)
- Langlade (3)
- Lincoln (3)
- Marinette (3)
- Menominee (3)
- Oneida (3)
- Portage (5)
- Price (3) (5)
- Rusk (3)
- Sawyer (3) (5)
- Taylor (3)
- Vilas (3)
- Washburn (3)

Wyoming:
- Big Horn (5)
- Lincoln (5)

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[1] The political subdivisions of the State of Alaska have not yet been formally determined. Election districts are used currently as subdivisions of the State. Subdivisions in Louisiana are parishes and in Puerto Rico are municipios. Subdivisions of counties in West Virginia are magisterial districts and in Idaho are census county divisions.
[2] Constitutes Rockland labor market area.
[3] Constitutes Boothbay Harbor labor market area.
[4] Constitutes Patten labor market area.
[5] Constitutes Plymouth labor market area.
[6] Jefferson, except boroughs of Brocway, Falls Creek, Reynoldsville, and Sykesville, townships of Snyder, Washington, and Winslow (i.e., that portion outside of Clearfield-DuBois area).

Sec. 5(b) redevelopment areas, Indian reservation areas

State	Reservation	County
Alaska	Bristol Bay area, Norton Sound area, Cook Inlet area, and Southeast area.	(There are no Indian reservations as such in Alaska.)
Arizona	Colorado River	Yuma (Arizona) parts of Riverside and San Bernardino (California).
	Fort Apache	Apache, Gila, and Navajo.
	Gila River	Pinal and Maricopa.
	Hopi	Navajo and Coconino.
	Navajo	Apache, Coconino, Navajo (Arizona), McKinley (New Mexico), San Juan (New Mexico), and San Juan (Utah).
	Papago	Maricopa, Pima, and Pinal.
	San Carlos	Gila, Graham, and Pinal.
	Salt River	Maricopa.
Idaho	Fort Hall	Bannock, Bingham, Caribou, and Power.
	Nez Perce	Clearwater, Idaho, Lewis, and Nez Perce.
Minnesota	Northern Minnesota reservation area (Leech Lake, Nett Lake, Red Lake, and White Earth).	Beltrami, Becker, Cass, Clearwater, Itasca, Koochiching, Mahnomen, and St. Louis.

Sec. 5(b) redevelopment areas, Indian reservation areas—Continued

State	Reservation	County
Mississippi	Choctaw	Atalla, Jones, Leake, Neshoba, Newton, Kemper, and Scott.
Montana	Blackfeet	Pondera and Glacier.
	Crow	Yellowstone and Big Horn.
	Flathead	Missoula, Flathead, Lake, and Sanders.
	Fort Belknap	Blaine and Phillips.
	Fort Peck	Roosevelt [1], parts of Valley, Daniels, and Sheridan.
	Northern Cheyenne	Big Horn and Rosebud.
	Rocky Boys	Chouteau and Hill.
Nebraska	Omaha-Winnebago	Mainly Thurston, parts of Burt, Cuming, and Dixon.
New Mexico	Acoma	Valencia.
	Jemez	Sandoval.
	Jicarilla	Rio Arriba and small part in Sandoval.
	Mescalero	Otero.
	Ramah	McKinley and Valencia.
	Santo Domingo	Rio Arriba, Sandoval, and Santa Fe.
	Zuni	McKinley and Valencia.
North Carolina	Eastern Cherokee	Graham, Jackson, and Swaind.
North Dakota	Fort Berthold	Dunn, McKenzie, McLean, Mercer, and Mountrail.
	Fort Totten or Devils Lake	Mainly Benson, Eddy, and parts of Nelson and Ramsey.
	Standing Rock Sioux	Sioux (North Dakota) and Corson (South Dakota).
	Turtle Mountain	Rolette.
Oregon	Warm Springs	Wasco, Jefferson, Clackamas, Marion, and Linn.
South Dakota	Cheyenne River	Mainly Dewey, Ziebach, and parts of Haakon, Meade, Perkins, and Stanley.
	Crow Creek-Lower Brule	Mainly Buffalo, Hughes, and parts of Brule, Hyde, Lyman, and Stanley.
	Pine Ridge	Bennett, Shannon, and Washabaugh.
	Rosebud	Mainly Todd and parts of Mellette, Tripp, and Gregory.
	Sisseton	Mainly Marshall and Roberts (South Dakota) and parts of Sargent and Richland (North Dakota).
	Yankton	Charles Mix, and Bon Homme.
Utah	Uintah and Ouray	Mainly Duchesne and parts of Grand Uintah, and Wasatch.
Washington	Colville	Mainly Perry, Okanogan, and part of Stevens.
	Yakima	Mainly Yakima and part of Klickitat.
Wisconsin	Northwestern Wisconsin reservation area (Bad River, Lac, Courte Greilles, Lac du Flambeau, Red Cliff, and St. Croix).	Ashland, Bayfield, Burnett, Iron, Oneida, Polk, Sawyer, and Vilas.
Wyoming	Wind River	Mainly Fremont and part of Hot Springs.

[1] All of Roosevelt County is now designated as a redevelopment area.

The CHAIRMAN. Thank you very much, Mr. Secretary.

Are there any questions on my right?

Mr. BLATNIK. No questions, Mr. Chairman, but I do have just one brief comment.

We are very privileged to hear from this outstanding Secretary of Labor. He has been a personal friend of mine for many, many years.

I had a sobering experience when I made a tour with him through a very distressed area in my district, the iron ore country. As the Secretary has pointed out clearly here, while the national figures show a general and solid upswing of the overall economy, because of peculiar circumstances involving the depletion of resources and technological advance, which compound the normal recessionary situation, people in this iron ore country are in serious distress.

We visited communities in northeastern Minnesota with the Secretary where unemployment ran from a low of 11 percent to a high of over 20 percent.

Now, this is a grave and serious situation, and I appreciate his pointing out this psychological impact in those areas.

It gives little comfort to tell these people that the overall situation is good. But, as the Secretary pointed out, they are realistic. They know it takes time to work out these problems, and that there is no easy solution.

But I think we should demonstrate, by serious consideration and speedy enactment of legislation along the lines which we have before us, that we in Congress are keenly aware of their problems. Of any single individual, the distinguished Secretary of Labor knows from firsthand experience the problems of the unemployed, the problems of the labor force right from the grassroots level up to the highest level. I commend him for his statement before us this morning.

Mr. GRAY. Mr. Chairman?

The CHAIRMAN. Mr. Gray.

Mr. GRAY. Mr. Chairman, I want to join my colleague from Minnesota in commending the distinguished Secretary of Labor for his statement.

I know he did not mean to leave out purposely the coal fields of southern Illinois, when he referred to those people who want to work.

In my hometown of West Frankfort we have 24 percent of the force unemployed today, and I see our great administrator of the area back here, and I know he will attest to the fact that the Government can be of great help in these areas.

For example, we obtained recently a $500,000 loan from the Government for a factory that is going to work many people, and this will certainly be another vehicle that will give these people jobs. And these people want to work, and I do not think that is asking for too much.

I want to commend you on your statement.

Secretary GOLDBERG. Congressman, I want to point out that I certainly agree with you, and the program that you mentioned involves the biggest training that we have in the Area Redevelopment Act, and it demonstrates that coal miners can be retrained for useful jobs.

Mr. GRAY. Right; that is very true.

Thank you.

The CHAIRMAN. Mr. Harvey.

Mr. HARVEY. Mr. Secretary, I wanted clear up a point that I did not understand from your testimony on June 12 of last year before the Senate committee on a similar bill to this.

It is in connection with the triggering point which will bring this bill into operation, and I will just read to you Senator Clark's questions and your answers, and if you will elaborate on it I will appreciate it.

It is on page 165 of that hearing and down at the bottom Senator Clark asked you this question. I do not think I am taking this out of context because you had just before that described these other measures which you have done here today, which the administration had done also, but then you got into the triggering part of the bill and Senator Clark asked you this:

Senator CLARK. You would agree, would you not, with Dr. Heller, that any rate of unemployment in excess of 4 percent of the labor force is unacceptable?

Secretary GOLDBEGR. I think 4 percent is too high.

Senator CLARK. So do I.

We triggered this bill out at 4 percent not because we considered that a satisfactory figure but because it takes a litle while for the program to run out.

Hopefully, unemployment will get down to a satisfactory figure, to the level of fractional unemployment which might be, say, around 3 percent.

Secretary GOLDBERG. I have always felt with you that 3 percent was more of a figure that more nearly approximated the employment level that we would regard as reasonably full employment.

Are you familiar with the triggering mechanism in the bills that we are considering here today?

Secretary GOLDBERG. Yes, I am.

Mr. HARVEY. And did you intend that we should have a different triggering aparatus in the bills that we have here today down as low as 3 or 4 percent, as Dr. Heller indicates?

Secretary GOLDBERG. First of all, let me say that I think the testimony that I gave to Senator Clark and the testimony I gave here are entirely consistent.

In fact, I mentioned, by way of illustration, that we had in 1953–54 a level of employment below 3 percent, and I used that to illustrate that I think we can achieve those levels.

Now, the triggering device which is in this bill to combat future recessions is not tied in with that percentage that I think can be achieved, because this is only one of the measures which we need, in my opinion, in order to restore full employment.

We cannot achieve that level only by this public works bill. I would immediately say that. You would also need, in my opinion, several of the other bills that the President has asked for, including the standby authority on taxes and the permanent unemployment compensation, and the stimulus that we all want to give by way of incentives to business to expand capital investments.

So that I think the way to bring down the level of unemployment is by a combination of all devices. We cannot just rely upon the public works device as the sole measure.

Mr. HARVEY. If it were triggered at the 3 percent here that you have described as reasonably full employment, that would mean almost a continuous public works program, because we have not been down to that level for a considerable period of time?

Secretary GOLDBERG. For several years, and we are not proposing that we do this except as a measure designed to help the economy when unemployment is at a higher rate.

Mr. HARVEY. You cited the construction figures for February 1962, I think.

Secretary GOLDBERG. Yes.

Mr. HARVEY. Do you agree with me that that would be a time of high employment in the construction industry?

At least, in Michigan we do not do very much building there, in the northern parts, in the middle of the winter.

Would that be a high unemployment season as compared to the summer months?

Secretary GOLDBERG. You are correct that unemployment of construction workers is highest in the winter months. But even during the summer, the season of peak activity, unemployment in construction has been much above average. For instance, last August when the overall unemployment rate was 6.2 percent, the rate in construc-

tion was 8.7 percent. And in other months last year, the difference was much larger than this.

Mr. HARVEY. Let me ask you one other question.

When you testified before the Banking and Currency Committee last year on the area redevelopment bill I asked you the question then whether we at that time had a clearinghouse of skills of any kind so that we could tell whether we had a surplus of welders or a shortage of one skill or another.

Do we now have that?

Secretary GOLDBERG. We are moving very effectively in this area. Congress gave us more funds for the employment services and through the employment services, the State employment services and the Federal services, we are doing much better in inventorying our skills.

Mr. HARVEY. Do we at this time have it or are you working in that direction?

Secretary GOLDBERG. We do not have a perfect inventory. We are working in that direction.

Mr. HARVEY. Thank you.

Mr. CRAMER. Mr. Chairman, may I ask a question?

The CHAIRMAN. Mr. Cramer.

Mr. CRAMER. Mr. Secretary, I can assure you that all of us are interested and concerned about the unemployment situation.

I, for instance, am interested in the possible unemployment of some 6,000 workers in my district as a result of the embargo-cutoff, and I have written a letter about it, but I have not received a reply yet.

The adjusted unemployment figure of 1 percent which is the triggering device in H.R. 10318, is a 1-percent increase in unemployment over a period of 3 of the last 4 or 6 months. That could be a 1-percent increase above an existing unemployment figure, could it not?

Secretary GOLDBERG. Yes.

Mr. CRAMER. In other words, there is no basic unemployment minimum requirement in order for the trigger to operate other than the 1 percent?

Secretary GOLDBERG. Except that we are asking that the bill be enacted now and Congress, of course, would review that bill after the 12-month period.

It would be before the Congress. So we are really starting with a very high basis.

Mr. CRAMER. But we would have to legislate on a permanent basis and, of course, this legislation is good until Congress repeals it.

And the President could trigger off a $2 billion program at any time—in other words, more than one $2 billion program can be proclaimed under this legislation.

Every 6 months after the limitation of a capital improvement acceleration period the President could trigger off another $2 billion public works program under this bill.

Secretary GOLDBERG. Well, Congressman, we have to deal with reality and not with an academic set of facts.

I think you would agree with me on this. The realities are, I am sure if we ever got down to the point where unemployment reduced itself to the levels that you mentioned, the President, whose proclamation is also necessary in addition to the 1 percent would, of course, act like a President and not trigger off such a program.

If he did, Congressman, Congress would not give him the money to replace what he used.

Mr. CRAMER. Do you think that the Congress is going to delegate to the President this authority which now exists in Congress, or if they are, do you not think Congress should set some standards more specific than a 1-percent minimum increase in unemployment in order to trigger this $2 billion authorization every 6 months if circumstances should necessitate it?

Secretary GOLDBERG. I do not think there is anything final or magic about the trigger.

The trigger was written in terms of what our situation is now and for the foreseeable future. It may not be the perfect trigger, but it is a realistic trigger, based upon our past record, with the additional fact that the President also has the final decision as to whether to put it into effect, and the final fact that Congress appropriates the money for it.

So I think there are a lot of safeguards here.

Mr. CRAMER. Now, do I understand also that under section 9—we are not talking about the $2 billion standby bill—the President would have authority to use any unexpended funds to bring it into effect?

And do I understand then by this means of backdoor spending, for instance, the $300 million that is now not being spent for direct loans for veterans' housing could be used for this purpose?

Secretary GOLDBERG. This provides, in order to get the program underway when it is needed, for transfer of appropriations. But it would be on a temporary basis because the President would then have to go back to the Congress and get the appropriations——

Mr. CRAMER. For that other agency, that is correct, but they would have been spent for this program?

Secretary GOLDBERG. That is correct.

Mr. CRAMER. So, in effect, if the President wanted to spend the RS–70 money for this program he could do so by refusing to carry out the instructions of Congress with regard to that and thus spend the money for this $2 billion public works program.

That would be an unexpended balance that Congress appropriated.

Secretary GOLDBERG. Congressman, in light of past and recent events on that program, I should think the President would be very hesitant to invoke that authority.

Mr. CRAMER. If he gets the money and decides not to spend it all, he could spend it on this program under this authority. Is that not right?

Secretary GOLDBERG. Temporarily, that is so.

Mr. CRAMER. Not temporarily. If he spent it it is spent permanently. Then he comes back to the Committee on Appropriations of the Congress for more money.

Secretary GOLDBERG. But, Congressman, he would spend it pursuant to the authority that you would give him. We are submitting the program to the Congress for authority to do this, and it would be spent pursuant to congressional permission to do it for this purpose.

Mr. CRAMER. The blanket permission——

Secretary GOLDBERG. Yes.

Mr. CRAMER. This blanket permission, and this is what concerns me, giving the President blanket authority to spend $2 billion that can

be triggered at 1 percent increase in unemployment every 6 months following the termination of a prior period, if need be, at the rate of $2 billion for every capital improvement acceleration period, without coming back to Congress until after unexpended balances have been committed to the program. Is that right?

Secretary GOLDBERG. You present a picture which might occur, but which would not occur under any sensible system of government.

Mr. CRAMER. Now, if we are concerned about unemployment, and I am sure you are—you have expressed yourself—have you said anything to the Veterans' Administration about releasing the $300 million for direct loans, which is one way to get some of these 14 percent construction workers back to work?

Secretary GOLDBERG. I have not talked to the Veterans' Administration, but it is the practice of the administration, when bills are proposed to the Congress, to circulate them to all agencies of the Government for comment. And I would think that all agencies of the Government would recognize that the President would not act arbitrarily in taking appropriations away for needed purposes.

Mr. CRAMER. Well now, we are talking about unemployment in the building industry which you, I think, indicated was 14 percent in February, did you not?

Secretary GOLDBERG. Yes, sir; I did.

Mr. CRAMER. And that is a very substantial industry in many places throughout the country. Are you familiar with the fact that in the State of Florida, for instance, there have been six counties that have been cut off from FHA construction, advanced construction, money which is unquestionably going to lead to substantial unemployment in those six major population counties, including Broward, Dade, Pinellas, Hillsborough, Hernando, and Seminole County? Are you familiar with that? Are we not going in the opposite direction from employing people?

Secretary GOLDBERG. I am not familiar with the particular instance you mentioned, Congressman. I am sure Mr. Weaver will be better qualified than I to talk about it. But I do not think we are going in opposite directions. We, I am sure, want to step up employment opportunities through our various programs. As a matter of fact, we have done that last year, and I am sure we are going to continue to do that by accelerating expenditures where expenditures are possible.

Mr. CRAMER. Well, in 1958—I am sure you are familiar with the action taken in 1958, and I think very expeditiously, by the Congress of the United States in authorizing and appropriating funds for the expenditure of some $400 million for highway construction to relieve unemployment. Congress did that in a matter of a few weeks. Likewise, an additional $700 or $800 million in other public works expenditures were also authorized. Now, what quarrel is there with Congress acting in that fashion? Did it not act expenditiously enough?

Secretary GOLDBERG. I have no quarrel with what Congress did in that area because the acceleration of expenditures in the 1958 recession was good. It was not enough, I must say, in light of the large level of unemployment which persisted after that recession presumably came to an end.

Mr. CRAMER. Now, that is an interesting point, because is it not true that there is a limitation as to how much public works pump priming

can be spent that would have the effect of reducing unemployment within a reasonable period of time? Is that not why the 12-month provision is written into this bill? Is there not a limitation as to how much money can be pump primed into public construction in any unemployment period?

Secretary GOLDBERG. We did not reach that limit in 1958 and the limits we are proposing today are well within the areas that we could reach right now and also by the standby program.

Mr. CRAMER. Yes. Now, is it not true that this $600 million authority is largely for public facilities, of types in the Communities Facilities Act? That is, participating in the cost of any municipal or State or county public facility, including the building of firehouses, city halls, parks, beaches, or anything else that is considered to be a community facility or public facility, up to 50 percent, or even 100 percent Federal participation? Is that not what we are getting into under this $600 program?

Secretary GOLDBERG. Not entirely, because——

Mr. CRAMER. Well, partially.

Secretary GOLDBERG. Partially, yes; but I do not see any objection to that, if I may say so. I think that is very desirable.

Mr. CRAMER. You think it is desirable for the Federal Government to participate on a matching fund basis with local communities on any and all public facilities construction work?

Secretary GOLDBERG. Oh, I do not say any and all, because we could not possibly, with this sum of money, exhaust the requirements of public facilities throughout the areas. I do believe it is desirable for the Federal Government to participate, as we have done traditionally, with States and localities in these very good improvements.

Mr. CRAMER. Let me just ask you one more question, because I do not want to prolong the interrogation over the luncheon hour, although there are a number of questions I would like to discuss with you. The fundamental question involved, I believe, in the legislation is the question of the delegation of congressional authority to the President. Now, do you not think that the Congress of the United States can act quickly enough to provide authority and funds, as was proven in 1958, for any needed public works accelerated programs? Do you not think Congress should reserve the right to make that decision?

Mr. BLATNIK. Will the gentleman yield?

Mr. CRAMER. No; I would like the Secretary to answer, and then I will be glad to yield. That is my opinion, and I have a right to ask the question.

Mr. BLATNIK. It was not proven. On the highway program, while it did help, it took too long, and it was limited in areas to which it could be applied, which is different from where the unemployment was, but the other construction grants program just did not go into effect simply because the planning was not completed for them. The municipalities were not ready.

Mr. FALLON (presiding). Before any other question is asked, may I ask a question of the Secretary.

Mr. Secretary, I know we kept you waiting for half an hour in the hall. I understand that you have a speaking engagement at lunch.

It is now 20 minutes of 1. Just how much time do you have left to give to this committee this morning?

Secretary GOLDBERG. Well, I want to give the committee any time that the committee would like me to. I do have——

Mr. FALLON. Well, you were delayed, and it was our fault.

Secretary GOLDBERG. I do have an engagement at lunch today, and there is quite a group waiting for me.

Mr. FALLON. I will ask this: If there are any questions that the committee would like to have answered, if you could come back at a later date some day or if they could write you and ask you——

Mr. CRAMER. If he could answer the one I just asked I would appreciate it.

Secretary GOLDBERG. I would be glad to.

First of all, the objection you have interposed does not apply at all to the $600 million. There, Congress is going to be asked to appropriate directly for that money.

Second, on the standby I have reviewed the 1958 situation because I have been concerned about it and wanted to study the 1958 program.

I want to say again, and this is not to criticize what was done in 1958 or what was not done in 1958, but to profit by our experience, the 1958 program was not adequate either in terms of the amount or in terms of the type of work we did or in terms of the type of results we got or could have received from it.

You need a more comprehensive program. You need the means by which you can work with the Federal agencies and the local governments to do it.

You have to put limits, such as we have put on it, this 12-month period, and the nature of the projects are as specified here, and I think this is an intelligent way to handle a program, and I do not think it abdicates congressional functions.

First, we are asking Congress to do it. Congress will——

Mr. CRAMER. You are asking Congress to delegate it to the President.

Secretary GOLDBERG. No, but we are asking Congress to give us authority and we would be exercising congressional authority if Congress agreed that this was the best method, and then, as I said, no President would act in such a way that it would be a single effort, because Congress would dry up the resources for all future times.

Mr. CRAMER. Well, Mr. Secretary, if you had the duty of keeping a running inventory of projects that could, upon proper triggering, be put into effect and have an immediate effect, say, within a 12-month period, if the administration had that authority legislatively to maintain an inventory of priority projects, what would be wrong with them putting that into effect by coming to Congress and saying, "Here is the list of projects that are needed, and here is the finding of the President that unemployment exists," and then ask the Congress to immediately implement it and Congress could do it in 2 days?

What is wrong with the Congress having a chance to make this decision?

Secretary GOLDBERG. Because I think that, as a matter of the way the legislative processes operate, it should not be done that way. If speed is of the——

Mr. CRAMER. You say it should not be done that way?

Secretary GOLDBERG. Yes, because I think Congress traditionally has to go through some procedures. I think those procedures are good procedures. They have to have hearings——

Mr. CRAMER. Do you know how long it took Congress to enact the money that Eisenhower asked for?

Secretary GOLDBERG. Yes, but, as I say, that money was a small part of the money that was really required.

Mr. CRAMER. All right. But if the President had asked for more money he probably would have gotten it. If President Kennedy asks for additional money, to accelerate the program, he will probably get it.

I do not find the reasoning proper that Congress is recalcitrant and would be unreasonable in aiding the public. Now, I might add that if you got 1 percent of employment, which is possible under this legislation, it might be recalcitrant and rightfully so——

Secretary GOLDBERG. I have not said, nor do I believe, that Congress is recalcitrant. I believe Congress works hard and does a good job. But I do believe that the essence of a program like this is to operate under a congressional directive to speed up a situation when you get into a problem, in order to anticipate the effects of such a problem.

I cannot see that this is a delegation which can be a harmful delegation. Congress is constantly delegating some of its powers to the Executive——

Mr. CRAMER. And that is what disturbs me. You can operate under this program without Congress delegating this much authority to the President by having a running inventory of available projects to be presented to Congress on the President's request when unemployment is found to be excessive, and Congress can put it into effect in a matter of 24 hours.

Secretary GOLDBERG. But again, I want to say that when delegations are made it does not necessarily mean that the delegations are bad delegations, provided Congress has had an opportunity to consider why a delegation is made, which is why we are proposing it to you now.

I think here that there are very good safeguards because ultimately, as I say, it is a one shot proposition to make these transfers, because it has to be restored.

If an Executive does not act properly he would only act improperly once. I should think that an Executive would act with considerable regard for the Congress when he acts under this authority.

Mr. BALDWIN. Mr. Chairman, I have one question.

Mr. FALLON. Mr. Baldwin.

Mr. BALDWIN. Mr. Secretary, page 3 of the bill says that the national unemployment rate is to be determined by the Department of Labor. Has not the bases upon which that was determined been revised by the Department of Labor within the last few years?

Secretary GOLDBERG. The basis of substantial unemployment, the 6 percent?

Mr. BALDWIN. No, not "substantial." The basis upon which you computed the percentage of unemployment nationally and announced each month.

Secretary GOLDBERG. No.

Mr. BALDWIN. Has not that been revised?

Secretary GOLDBERG. No, we are following the same techniques that were used all during the last administration.

Mr. BALDWIN. Exactly?

Secretary GOLDBERG. Exactly the same techniques.

Mr. BALDWIN. If a cannery worker completes a normal cannery job, and you are making a computation the next month and, say, the cannery worker just works in a cannery for a period of months and he does not plan to work the next year, if you make a survey after the cannery worker leaves the cannery do you count him as unemployed or——

Secretary GOLDBERG. No, she goes back home, and is not actively seeking work, and we do not count her.

Mr. SCHWENGEL. Mr. Chairman, I have a question.

Mr. FALLON. Well, you understand the situation.

Mr. SCHWENGEL. I have a number of questions, Mr. Secretary, I want to ask you, and some of the other members who have appeared here.

I hope they can all come back because we are dealing with some things that are very, very important, and I think I can see some ominous trends here that I think we ought to talk about before we launch into this kind of legislation.

That is the reason I hope we can have you come back.

Mr. FALLON. May I say to the gentleman that these hearings are going on for 2 weeks, and I am sure the other department heads that are coming up here—that you will have ample time to ask any questions that you desire.

But at the moment we are faced with a situation that the Secretary must leave due to our keeping him waiting. We certainly did not get enough time. But I am sure that, after all the other witnesses, if you desire the Secretary back——

Secretary GOLDBERG. I will be available at any time, because, Congressman, I cannot agree that there are any ominous trends.

We may differ about the legislation, but this is a perfectly straightforward proposition to help the unemployed.

There is nothing else here that does not meet the eye.

Mr. SCHWENGEL. Sir, if I see some questions I have a right to ask about them.

Secretary GOLDBERG. Oh, by all means, and I will be delighted to talk to you about them.

Mr. FALLON. Thank you very much, Secretary, for coming here, and we will take a recess now until 2 o'clock.

(Whereupon, at 12:53 p.m., the hearing was recessed, to reconvene at 2 p.m., on the same day.)

AFTERNOON SESSION

(Present: Representatives Fallon, Davis, Blatnik, Wright, McFall, Pfost, Johnson, Scherer, Cramer, Baldwin, Dooley, Gray, Robison, King, and Harvey.)

Mr. FALLON. Ladies and gentlemen, the Committee on Public Works is resuming its hearing on H.R. 10113 and H.R. 10318, known as the Standby Capital Improvements Act of 1962.

We are honored this afternoon by the presence of the Secretary of Health, Education, and Welfare, Mr. Ribicoff, who needs no introduction to this commitee, or certainly to any of the members.

Mr. Secretary, we do appreciate your coming here before this committee, and you can proceed.

Mr. DAVIS. Mr. Chairman, he served with great distinction, I might say, as a Member of this House. Some of us had the pleasure of serving with him.

Mr. FALLON. That is true, and also served as Governor of one of the great New England States; namely, Connecticut.

Secretary RIBICOFF. Thank you, Mr. Chairman.

Mr. DAVIS. We, of course, could say further, but we won't.

STATEMENT OF ABRAHAM RIBICOFF, SECRETARY, HEALTH, EDUCATION, AND WELFARE; ACCOMPANIED BY ASSISTANT SURGEON GENERAL GORDON E. McCALLUM, CHIEF, DIVISION OF WATER SUPPLY AND POLLUTION CONTROL; ASSISTANT SURGEON GENERAL DR. JACK C. HALDEMAN, CHIEF, DIVISION OF HOSPITAL AND MEDICAL FACILITIES; WILBUR COHEN, ASSISTANT SECRETARY FOR LEGISLATION; AND JEROME SONOSKY, ASSISTANT TO ASSISTANT SECRETARY COHEN

Secretary RIBICOFF. Thank you, Mr. Chairman and members of your committee for your gracious introduction and welcome. I am pleased, too, to appear before you in support of legislation to provide the President standby authority to accelerate the construction of capital improvements projects by all levels of government.

The standby capital improvements authority is one of three proposals presented by the President in his Economic Report as a comprehensive program to strengthen the economy against recession. The other two elements are (1) the authority, subject to congressional vote, to declare a partial and temporary suspension of personal income taxes and (2) an expansion and improvement of the unemployment compensation system which would cover more workers and cover unemployed workers over longer time periods. These counterrecessionary measures are designed to permit prompt action to arrest and reverse a downward movement in economic activity in its early stages.

The prompt action being taken by this committee on the administration's proposal is indeed encouraging. Planning and being ready for recession are certainly preferable to hastily conceived, high-cost crash programs of capital improvement put into motion only after an economic decline has set in, bringing in its wake unemployment and the attendant toll of human suffering and economic waste.

I might say that this committee is known for taking prompt action in vitally important fields. Your leadership last year made possible the early enactment of the Federal Water Pollution Act Amendments of 1962. We have made great progress since its enactment last July. The construction of sewage-treatment plants has increased 72 percent since 1956 when the grant program was established. An energetic enforcement program is underway, including two important intrastate cases initiated at State request. Research into advanced methods of waste treatment is moving forward with renewed

vigor, as is the entire program. I am confident that we are at last beginning to make progress in this vital field.

The water pollution control construction grant program and the Hill-Burton hospital construction program are two major activities in our Department which could be accelerated in times of economic decline. Other witnesses representing the administration have, I am sure, discussed in detail with you the specifics of the legislation under consideration. Therefore, I will concentrate in this statement on the role of our Department, the role it could play in any capital improvements acceleration program invoked by the President under the authority granted him in the legislation under consideration.

In the first place, we will encourage and assist State and local governments in advance planning and receive reports of such plans.

Second, we will continue to submit information on our programs for central compilation and analysis.

Third, whenever the standby authority is invoked, we will submit recommendations for initiation or acceleration of eligible projects and programs, including grants, administered by us.

Finally, when the funds have been allocated for our programs, we will proceed in accordance with the President's decisions.

Mr. Chairman, there is no doubt but that the acceleration of Federal capital improvements programs will require a high degree of planning, priority establishment, and coordination among the various agencies responsible for construction programs. As a former Member of Congress and Governor, I have long been aware of the pressing problem of applying a limited amount of public funds to meet ever-increasing public needs, such as hospitals and antipollution facilities. Other facilities to serve community well-being also are deficient.

In order to meet these needs with the limited public funds available and have the greatest possible impact on creating employment opportunities, careful planning must be provided. Priorities must be established.

Mr. SCHERER. May I interrupt the Secretary at this point?

You understand, Mr. Secretary, that if this law should pass and be invoked within, say, the next year, that in order to get that $2 billion, we would have to borrow $2 billion. There wouldn't be enough cash in the Treasury to pay for it. You said limited funds are available. You pointed that out.

Secretary RIBICOFF. That is right. I mean there are always limited funds available for what you want, but first, of course, there is the authority that the President would have to shift funds from one source to another, depending on where it would do the most good. Secondly, if money were needed to take care of our vital economy and employment, I believe under those circumstances borrowing would be justified.

Obviously, incongruities such as the establishment of a public park or other recreational area along a polluted water body must be avoided. The pollution control activities must be timed to coincide with the recreational development. Coordination is essential in this vast field, and I am confident, Mr. Chairman, that this administration will approach capital improvements acceleration programs with this important concept in mind.

ACCELERATION OF CAPITAL IMPROVEMENTS PROJECTS

The antirecession objectives of the proposed legislation are well served by acceleration of hospitals and other health facilities and municipal waste-treatment plant construction. Past antirecession public works construction programs have been criticized because they would fail to produce the desired economic impact soon enough. The employment and purchasing-power effect of such programs were considered to take place too many months after a recession had been in evidence. Furthermore, the counteractive means were considered to continue in effect long after needed, even to the undesirable point of inflationary force. These probable results were considered to be inevitable because of administrative procedures, large-scale projects requiring much time in design and construction and slow payment schedules.

H.R. 10318 overcomes these criticisms by requiring that only those projects which can be started within a reasonably short time and completed in 12 months be included. Also, the bill clearly establishes the criteria which indicate when a recession condition exists, eliminating dispute over this aspect. Furthermore, the bill provides safeguards so that the Federal financial assistance does not just replace State, local, or other expenditures. Thus, this bill is well adapted to meet the specific conditions associated with the downturn of the business cycle. In addition, the amendment to the bill proposed by the President today will make possible immediate acceleration of projects located in communities suffering from heavy unemployment at the present time.

BACKLOG OF WASTE-TREATMENT PLANT NEEDS

Since the inception of the waste-treatment plant grant program, construction has risen sharply. The total investment in these antipollution facilities today is 72 percent above previous years. Yet, a great backlog of need persists, especially in smaller communities.

An accurate appraisal of existing municipal waste-treatment needs is necessary before future requirements can be estimated. In recognition of this fact, there was a comprehensive State-by-State survey of municipal waste-treatment needs made. Data forms were returned by all 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. These listed all communities requiring new sewage-treatment plants, expansion of existing plants, or additional treatment on January 1, 1962. The questionnaire included type of present treatment, population served, type of treatment required, and anticipated population.

The Division of Water Supply and Pollution Control of the Public Health Service processed the data for the conference and assisted in the preparation of this report. All data were verified before final processing and analysis.

The survey disclosed that 5,290 communities serving nearly 45 million people require new sewage-treatment plants, plant enlargements, or additional treatment. New plants serving approximately 24 million persons are needed in 4,244 communities. Additions to existing facilities are needed in 663 communities serving 14 million persons.

Additional treatment is needed in 413 communities serving 6.5 million persons.

The estimated cost of the backlog of municipal waste-treatment needs is $2 billion. Calculations by our department indicate that the elimination of this backlog in 10 years, together with need imposed by population growth and obsolescence, will require an average annual expenditure of $600 million.

Over 2,000 applications for financial assistance under the terms of the Federal Water Pollution Control Act are already in process or preparation. These project needs exist nationwide. Furthermore, more than 90 percent of the projects are in communities of less than 50,000 population. The total cost of these projects is $1,191,087,093. The grants requested in the applications total $227,417,613. The budget request for fiscal year 1963 to meet these requests is the fully authorized $90 million. Obviously, additional funds can be put to immediate use throughout the country.

Simply increasing a State's allotment will not solve the main problem facing many smaller communities, especially those in labor-surplus areas. In the waste-treatment plant construction program, for instance, the Federal share cannot exceed 30 percent of the cost of the project. The remaining 70 percent must be shouldered by the local community. The provisions in H.R. 10318 will entitle a financially hard-pressed community to a grant of 50 percent. In addition, the bill authorizes loans to help make up the local share. These two provisions will provide a great stimulus to construction of waste-treatment plants.

In addition to the stimulation of demand manifested by increases in employment and production caused by the construction of these projects, there is another definite economic impetus provided. That is, the improvement in water quality resulting from sewage treatment often overcomes the handicap to economic development involved in polluted waters. The coexistence of bad pollution and severely depressed local economies is becoming more conspicuous. The handicap is evident in the restriction or prevention of industrial growth because of water so bad as to be unsuitable for manufacturing purposes, losses of water-related recreational opportunities, and the consequent decline in community attractiveness and well-being—qualities necessary to attain progress and prosperity. The removal of this pollution handicap, therefore, provides an impetus to local and regional economies and assures a protection for future generations.

BACKLOG OF HOSPITAL AND HEALTH FACILITIES NEEDS

The construction of hospitals and other medical facilities is another area covered by H.R. 10318 in which the Department of Health, Education, and Welfare has been active. Since 1946, over 6,000 projects have been approved under the Hill-Burton legislation, and the organizational framework and administrative machinery for operation of the program are readily adaptable to any program of accelerated construction in times of recession. Not only has the Public Health Service acquired and developed a highly trained staff which specializes in the work of planning and designing health facilities, but, in addition, the technical staff of each State agency is available for these purposes. The availability of this established Federal-State organi-

zational structure would simplify and expedite the administration of the health facility construction portion of this bill.

A wealth of data and reports attests to the need for additional hospitals and health facilities throughout the country. The types, the areas, and the steps necessary to meet that need will be the subject of the special study of this program which the President requested in his recent health message. A summarization of the gross needs estimated by the States is prepared annually by the Public Health Service on the basis of information provided by State agencies. The report prepared for fiscal years 1963 and 1964 shows that 1,739 projects costing a total of more than $2.3 billion and using $987 million in Federal funds could be approved if there were no limitation on Federal assistance. For fiscal year 1963 alone, the report shows that 1,158 projects costing a total of $1.6 billion and using $597 million in Federal funds could be approved. In light of the Department's budget request of $170 million for health-facility construction, it is obvious that additional funds made available for hospital construction could, of course, be used advantageously to further build up the basic health-facility resources of this Nation.

The construction of health facilities in a community not only stimulates employment during the construction period but, in addition, creates permanent employment opportunities. For example, we estimate that the health-facility projects approved under the Hill-Burton program, when completed, will provide job opportunities of various kinds for an estimated 220,000 individuals.

CONCLUSION

Mr. Chairman, it is essential that every possible precaution be taken to insure that prompt and effective action can be taken to head off recession and to alleviate the economic and human consequences of prolonged unemployment and lower economic activity generally.

During periods of recession and high unemployment we know that programs to promote the Nation's health, education, and welfare often are the first to suffer cutbacks and restrictions. State and local revenues fall, making it difficult to finance public programs in these fields. At the same time, decreased employment places a greater burden on the agencies charged with administering public assistance programs. Lower earning power makes it more difficult, if not impossible, for workers to pay for medical services, to retain their hospitalization insurance, and to continue to support their children's education. And finally, prolonged depression has even greater effects on eroding away a man's dignity and his ability to meet his family's needs in the whole area of their health and well-being.

We do believe this to be a most important bill and we trust that it will have the speedy approval of this committee of the Congress.

Mr. FALLON. Thank you very much, Mr. Secretary.

Are there any questions on my right?

Mr. DAVIS. Mr. Chairman, it seems that we can't have any witness today talk over 5 minutes without talking about his pollution bill. That is the Blatnik bill.

Mr. BLATNIK. No comments.

Mr. Chairman, we are certainly glad to have the Secretary here. We welcome him and his aids. We appreciate your accommodating us on the time schedule. He came in from an out-of-town engagement to be here. I am very impressed with the statement the Secretary made in the field of water pollution facilities and hospital facilities. I commend you on your statement.

Mr. FALLON. Any other questions on my right?

Any questions on my left?

Mr. CRAMER. Mr. Secretary, I have a couple of questions I would like to ask. Of course, many of us are concerned with the proper measures for meeting unemployment situations. I am very much interested in your suggestion at the bottom of page 5, for instance, that the proposed $600 million amendment will make possible immediate acceleration of projects located in communities suffering from heavy unemployment at the present time. That leads, No. 1, to the conclusion, does it not, that the $2 billion set-aside program for public works is not channeled into and is not limited to unemployment areas, isn't that right?

Secretary RIBICOFF. Well, my understanding is the $2 billion is available for a general nationwide situation that requires attention. The $600 million is available today to the some 900 communities that are pinpointed as communities which need help because of unemployment right now.

Mr. CRAMER. But as to the $2 billion bill, no one should be fooled into believing that that accelerated public works program could be channeled according to the directions of Congress necessarily in unemployment areas. It could be sent into some of the least job problem areas.

Secretary RIBICOFF. I doubt it. I think that you do have to give the administration some credit for commonsense, sir. And the priorities I am sure would definitely go to the areas that need it most.

Mr. CRAMER. It doesn't say so in the bill.

Secretary RIBICOFF. Well, then, if this is the case, it would be very simple for you to amend the legislation so to read, and I would approve that. It would take a simple wording——

Mr. CRAMER. If you are going to do that, there wouldn't be much use to have two bills, then, because the $600 million has as its purpose channeling projects into the depressed areas.

Secretary RIBICOFF. That $600 million is for depressed areas, that we know now and can identify. The $2 billion is a bigger program that is triggered into being when the formula comes into effect and

could very well face the Nation with more than 900 communities that were affected, Congressman Cramer. So I think——

Mr. CRAMER. Yes.

Secretary RIBICOFF. I think in one instance we are taking care presently of immediate needs that we can identify, and the $2 billion bill would be triggered into effect at some future time when the situation warrants the basic needs for the general economy of our Nation.

Mr. CRAMER. Well, now, your statement on page 6:

> in the waste-treatment plant construction program, for instance, the Federal share cannot exceed 30 percent of the cost of the project—

but under this bill it would go up to 50 percent by way of grant. Is that right?

Secretary RIBICOFF. Correct, sir.

Mr. CRAMER. And then beyond that the Federal Government can loan the other 50 percent to the local community, isn't that correct?

Secretary RIBICOFF. That is correct.

Mr. CRAMER. And there is no requirement for that community to be in a depressed area, is there, in the legislation? That is not a criteria for getting the 50-percent loan, grant.

Secretary RIBICOFF. I think if you will look on page 9 of the bill, there is a provision, section VIII(a)(4), which contributes significantly to the reduction of unemployment. So in order to be eligible, there would have to be that condition that this particular grant or grant and loan would help to reduce unemployment.

Mr. CRAMER. Not related to a given area but anywhere in the country, if it in fact results in employing people, then it helps the unemployment situation, but it doesn't have to go to a grossly unemployed area or depressed area.

Secretary RIBICOFF. I don't interpret it that way. We are not talking to a situation where it could increase employment, but the bill spells out to the reduction of unemployment. I think there is a great deal of difference. If you are talking about creating new jobs as against reducing unemployment at the present time, I think there is a distinction. But let me say this, Congressman Cramer, that basically bills are written and during discussions such as this, and this is why they are valuable, if there are some fine points that bother people, they can easily be remedied by a few simple words in the language of the bill.

Mr. CRAMER. You have suggested two areas in HEW where you think it might be effective. Water pollution and Hill-Burton, right?

Secretary RIBICOFF. Right. These are the areas within the jurisdiction of the Department that involve substantial capital projects and over which we have jurisdiction. So I just handled these two; yes, sir.

Mr. CRAMER. How are either of those programs going to come within the 12-month completion requirements? You can't even build a hospital in 12 months.

Secretary RIBICOFF. No. The record for water pollution and sewage treatment plants indicates that practically all the projects could be started and finished within a year's time. When it came to hospitals, naturally a large hospital could not be built in a year's time. But a small hospital could. The addition of a part of an existing hospital could. So basically we find, and Mr. McCallum could so testify this, that we could take care of many sewage and water treatment plants within a year's time, isn't that correct?

Dr. MCCALLUM. That is correct. We know of more than 3,000 projects that could be completed within a year.

Mr. HARVEY. Will the gentleman yield there?

Mr. CRAMER. Yes.

Mr. HARVEY. Does that include land acquisition as well in that year's time?

Dr. MCCALLUM. Yes; that could be done. Past experience has shown it has been.

Mr. CRAMER. Engineering work done in a year?

Dr. MCCALLUM. Yes; they would be smaller projects, not real large ones.

Mr. CRAMER. That is the point. Let's get in focus what we are talking about, what could be implemented by this bill. You could only, because of the time limitation of a year, get into projects that could have acquisition of land, engineering and letting of contracts, and actual construction, completed within a year.

Secretary RIBICOFF. I think it should be kept in mind that many of these projects have been planned, land acquired, architects' and engineers' drawings finished.

Mr. CRAMER. Preliminary.

Secretary RIBICOFF. I would say many of them final.

Mr. CRAMER. A lot of communities wait for Federal funds.

Secretary RIBICOFF. No; this is not my understanding from Mr. McCallum. And it isn't my understanding from my own experience that many, many of these projects are often planned with land available waiting their turn for money being available, and we would be able to submit a substantial list of projects in all the States today in the field of water pollution and waste sewage plants that could be ready to go immediatley. Isn't that correct, Mr. McCallum?

Mr. MCCALLUM. That is correct.

Secretary RIBICOFF. And I would be pleased to present that for the record at this time.

(The following was furnished for insertion:)

The attached table lists the status of engineering and the number of sewage treatment projects which could be constructed in a period of 12 months or less for 2,054 projects for which applications for grants were in process or in preparation as of January 15, 1962. This shows that 393, or 19.1 precent, had final plans and specifications; 715, or 34.8 percent, had done preliminary planning; and 1,179, or 57.4 percent, would have construction periods of 12 months or less.

The Conference of State Sanitary Engineers has completed a survey which reveals that as of January 1, 1962, there was a backlog of 5,290 sewage treatment works projects. Applying the above percentages to this number, it is estimated that 3,000 projects from the national backlog of 5,290 would have construction periods of 12 months or less.

Grants for construction of sewage treatment works

	Applications on file and in preparation	Engineering		Projects having a construction period 12 months or less
		Final plans	Preliminary plans	
Total	2,054	393	715	1,179
Alabama	55	2	16	33
Alaska	5	0	4	5
Arizona	9	1	6	7
Arkansas	71	0	10	0
California	65	40	25	41
Colorado	35	4	11	33
Connecticut	21	11	3	16
Delaware	9	0	2	7
District of Columbia	9	1	0	0
Florida	14	7	7	13
Georgia	9	0	0	0
Hawaii	20	5	7	19
Idaho	17	6	9	16
Illinois	105	12	48	73
Indiana	56	24	25	39
Iowa	84	12	40	52
Kansas	32	1	1	2
Kentucky	64	0	23	53
Louisiana	66	2	26	46
Maine	9	0	7	4
Maryland	31	26	3	15
Massachusetts	42	12	19	21
Michigan	47	12	4	12
Minnesota	30	6	24	25
Mississippi	30	0	4	12
Missouri	45	10	35	33
Montana	10	2	7	9
Nebraska	29	6	12	28
Nevada	7	2	3	6
New Hampshire	26	3	22	14
New Jersey	33	17	20	24
New Mexico	23	2	10	9
New York	33	8	4	8
North Carolina	159	29	78	115
North Dakota	13	2	8	13
Ohio	40	11	18	17
Oklahoma	97	9	17	22
Oregon	24	2	17	23
Pennsylvania	93	13	0	10
Rhode Island	9	1	5	3
South Carolina	19	1	6	6
South Dakota	23	0	23	22
Tennessee	58	4	19	46
Texas	102	12	26	21
Utah	10	3	5	9
Vermont	20	3	7	1
Virginia	93	30	3	72
Washington	39	13	13	36
West Virginia	58	1	17	42
Wisconsin	41	23	8	32
Wyoming	14	2	8	14
Puerto Rico	1	0	0	0
Virgin Islands	0	0	0	0
Guam	0	0	0	0

Mr. CRAMER. I wish you would. It would be helpful. Because of the year's limitation, it would limit it to small projects, according to your testimony as I understand it.

Secretary RIBICOFF. Naturally a smaller project could be built much faster than a larger project.

Mr. CRAMER. So the big depressed area, the big unemployment areas in the country, the larger communities wouldn't be benefited under what your Department could do?

Secretary RIBICOFF. I would say that many communities could, and I would say this, Mr. Cramer, that if you couldn't benefit all, that is no excuse that you shouldn't benefit what you could. I mean,

this is certainly a way of frustrating activity by saying if we can't do it all, we don't want to do any, and I believe that we can do a substantial number.

Now, there are 40 areas of continuous substantial unemployment. There are 40 major areas and there as 66 small areas. Now, take your own State of Florida. Fort Lauderdale and Hollywood are a smaller area and if any of you want to ask questions on any of your other States—Hollywood is now in for a grant. Their eligible project is $580,000 with a grant offer of $174,000. So throughout the Nation today, in practically every State, you have these projects available.

In Florida you have pending in the State agencies Sebring, Hallandale, Melbourne, Indian Rocks Beach, McCoy Creek Sanitary Division, Hollister Safety Harbor, Sanford, Daytona Beach, Lakeland, Duval County, and Hollywood. So these——

Mr. CRAMER. Yes, and I would like to know how many of those areas have already completed their engineering and are ready to go for construction and how many would qualify under the 1-year limitation.

Mr. MCCALLUM. We can get that information.

Mr. CRAMER. Do you have any idea how many have finished their engineering and are ready to go to contract letting?

Mr. MCCALLUM. I wouldn't want to give you an answer on that because I am not familiar enough with each individual State.

Mr. CRAMER. The truth of the matter is, isn't it, that most of them are waiting for Federal matching money before they go into engineering.

Mr. MCCALLUM. The records won't show that. As a matter of fact, the number that have gone ahead without Federal aid since this program started has actually increased. Construction in——

Mr. CRAMER. I mean on these for which application for Federal money is pending. I am not talking about those that have gone ahead without Federal money. These which have made application. How many of them have finished their engineering and can meet the 1-year construction requirement?

Mr. MCCALLUM. We can supply that for the record.

(The following was furnished for insertion:)

There are 14 projects in Florida for which applications are in process or in preparation. Of this number, seven have done preliminary planning and an additional seven have final plans and specifications. Thirteen of the fourteen projects would have a construction period of 12 months or less.

Mr. CRAMER. The Secretary takes the position, and I appreciate the position, that the smaller communities, those with projects that can be completed within a year, they should be included, but the counter argument is why should the larger communities that may have more serious unemployment problems be excluded?

For instance, almost every one of these 40 major areas would be excluded for those public works projects couldn't be completed within a year. They couldn't even participate in the program. And not only that, the $2 billion bill isn't limited to this list at all. The $600 million bill is.

Let's go to hospitals. I wish you would provide that for the record. And as to hospitals, as I understand the Secretary's answer,

the same would be true. If you could use the money for smaller hospitals, it would take a year to construct and not otherwise, is that correct?

Secretary RIBICOFF. I have with me Dr. Jack Haldeman, the Chief of the Division of Hospital Medical Facilities of the Public Health Service, whose job it is to handle this phase and he would be pleased to address himself to the details of this problem.

Dr. HALDEMAN. Yes. Under the Hill-Burton program, a large percentage of our projects normally are for our small projects because the Hill-Burton legislation is priority to rural areas. The survey which the Secretary referred to does have a large number of projects in relatively small areas. In addition, many of the projects are for renovation or modernization. We feel that any project that is under a million dollars would be able to complete construction within a year after plans and specifications have been developed.

Mr. CRAMER. All right. We have got 40 major areas here listed as depressed areas. How many of those areas could qualify, number one, from the 1-year construction limitation standpoint, and secondly, from the standpoint of having an application pending for which engineering has been completed?

Dr. HALDEMAN. I would anticipate there could be a relatively large number of projects in those areas.

Mr. CRAMER. Will you supply that for the record?

Dr. HALDEMAN. We will be glad to do so.

(The following was furnished for insertion:)

Hospital and medical facility projects in depressed areas which could be approved under the provision of H.R. 10318,[1] March 1962

State	Hill-Burton projects in depressed areas			State	Hill-Burton projects in depressed areas		
	Number of projects	Estimated cost (thousands)			Number of projects	Estimated cost (thousands)	
		Total cost	Federal share			Total cost	Federal share
Total	223	$109,562	$45,820	Montana	1	$460	$184
				Nebraska	(2)	(2)	(2)
Alabama	9	3,039	2,026	Nevada	2	1,000	461
Alaska	3	593	238	New Hampshire			
Arizona	(2)	(2)	(2)	New Jersey	13	7,199	2,247
Arkansas	1	100	50	New Mexico	2	916	458
California	10	4,870	1,621	New York	9	3,840	1,280
Colorado	1	300	134	North Carolina	3	1,800	990
Connecticut	5	2,708	497	North Dakota	(2)	(2)	(2)
Delaware				Ohio	18	10,649	3,550
District of Columbia	(2)	(2)	(2)	Oklahoma			
Florida	6	3,350	1,342	Oregon	5	1,560	740
Georgia	2	290	116	Pennsylvania	20	11,701	3,904
Hawaii	(2)	(2)	(2)	Rhode Island	2	1,564	709
Idaho	3	1,850	925	South Carolina	1	360	240
Illinois	4	2,010	670	South Dakota	(2)	(2)	(2)
Indiana	1	325	108	Tennessee	3	960	499
Iowa	1	500	250	Texas	2	1,130	565
Kansas				Utah	11	4,350	2,023
Kentucky	14	7,400	3,338	Vermont	(2)	(2)	(2)
Louisiana	12	8,140	4,070	Virginia			
Maine	2	800	400	Washington	7	4,824	1,929
Maryland	3	460	193	West Virginia	6	2,706	1,353
Massachusetts	5	3,350	1,340	Wisconsin	5	2,342	937
Michigan	6	3,350	1,422	Wyoming			
Minnesota	11	3,444	1,550	Guam	(2)	(2)	(2)
Mississippi				Puerto Rico	13	4,800	3,200
Missouri	1	522	261	Virgin Islands	(2)	(2)	(2)

[1] Sources: The U.S. Department of Labor Magazine, "Area Labor Market Trends," March 1962; and reports provided by Hill-Burton State agencies showing projects which could be approved under the Hill-Burton program in fiscal year 1963, if there were no limitations on Federal funds.

[2] States having no depressed areas.

Mr. CRAMER. I don't know how you could build a hospital in Birmingham, Ala., which is big enough to do any good, within a year, or, for instance, in Los Angeles, Calif., or Miami.

Dr. HALDEMAN. Many of our projects, as a matter of fact, the majority of our projects now are either additions or in the field of renovation. These projects may be large or they may be small. You can have small projects in large areas.

Mr. BLATNIK. Will you yield?

Mr. CRAMER. Yes; I yield.

Mr. BLATNIK. Let me clarify this list of areas of continuous substantial unemployment which was referred to and used by the Secretary of Labor this morning, and permission was granted to include this table in the proceedings or in the record. Does it mean, for example, in the case of Alabama that only Birmingham is the area of continuous substantial unemployment? Birmingham is the office that collects the data and usually there is a considerable area around it including suburbs of Birmingham and many other communities and rural areas within the immediate vicinity. It may go up to a 50 or 60 or even 70 mile radius.

Mr. CRAMER. I think the gentleman's point is well taken. I can only judge it on its face value.

For instance, Fort Lauderdale is one of the largest income areas in the United States. Some of the richest people in the world live in Fort Lauderdale. The fact that it is a depressed area is amazing to me.

Secretary RIBICOFF. Well, I don't know. I mean it doesn't have much satisfaction to the man who can't find a job and is on public relief that there are lots of millionaires around the corner, sir, and I can point out many communities where people are wealthy and prosperous, and that is a wonderful thing for the community, but I think I could point out to you for the other people to find a job and get a roof over their heads and get something to eat, I think it is an invidious comparison and one that has nothing to do with the other.

Mr. CRAMER. It is my understanding that the area in northwest Florida largely, and Hollywood and Fort Lauderdale are included in the list, and this is the first time I have seen this report—they have been designated areas of substantial unemployment. Fort Lauderdale is a large city. If we build a hospital there, I don't think they would qualify under the year's construction requirement.

Dr. HALDEMAN. I might add under health facilities, long termed skilled care, nurses' homes, for example, are not large projects usually. Public health is another category. Those projects are not necessarily large that are in large communities.

Mr. CRAMER. Isn't it true, in light of this report you have given now and the indication of your willingness to keep a running inventory of what could be put into effect within a year's period, that such information could be made available just as easily to Congress on the request of the President in the event that unemployment occurs and he thinks it is critical, and that the Congress then could be the one to trigger the needed public works projects in such areas as the Congress in its discretion felt would best serve the purpose of higher employment.

Secretary RIBICOFF. Well, suppose Congress was out of session. That would require a calling back of Congress in a special session. I

think much valuable time would be lost and I think that when you have large unemployment and you have a recession, it is for the general welfare of the country to change economic conditions around, and this authority in the President I think is one that he could—I think is one that Congress could well give him after having laid down the guidelines that you do in the bill.

Mr. CRAMER. Yes. Congress could give it to him by abdicating its own authority. Give it to the President—that is what I expected your answer to be—but under this bill we have to have a 4-month experience or a 6-month experience to establish the need for the action. Can you see any conceivable reason why such legislation couldn't be brought to the attention of Congress while it is in session as was done under the Eisenhower administration and Congress acted immediately, expeditiously, and provided the money requested? Do you see any real justification for giving the President this very substantial delegation of power?

Secretary RIBICOFF. Well, I think that when you have a basic problem of unemployment with its serious consequences, I think it is important to move and move fast, and Congress having guidelines——

Mr. CRAMER. You are implying in the answer that Congress can't move fast and Congress did move fast in 1958, about as fast as it could possibly move, expeditiously, to make millions of dollars available to fight the recession. So I think that argument falls on its face historically.

Secretary RIBICOFF. Now, my understanding—now, I wasn't here in 1958—was that Congress just accelerated, made money available for road funds. I don't think money was made available in the fields that we are talking about of sewage and waste disposal plants or hospitals. Am I right? No money was made available there.

Mr. CRAMER. Well, there was no reason why it couldn't be if the President asks for it and Congress agrees to give it to him. He asked for above $800 million in accelerated public works money. He got it. The Senate put in $400 million on highways. If hospitals and sewage disposal plants are considered to be projects that can be accelerated and substantial employment will result—which is the question—then Congress could act just as speedily on that request, couldn't it?

Secretary RIBICOFF. Well, could it? I don't know. I mean I have a great respect for Congress. It can move fast, but there are many areas where it moves mighty slow or not at all.

Mr. CRAMER. Well, if the administration can prove to the Congress that there is a substantial unemployment, as historically has been shown in 1958, it moved with expedition. I don't think that the administration historically or otherwise can take the position that Congress would refuse to act if there is a need, and that is the position the administration has to take—to say that Congress would refuse to act in an emergency unemployment situation—and I am not willing to take that position. Historically it has moved.

Secretary RIBICOFF. I don't think the administration implies that. I think the administration could be concerned with Congress out of session and being faced with a serious problem such as this in order for the President to move fast without calling Congress back into special session.

Mr. CRAMER. Congress can be called back into session within 24 hours if the President feels it is that serious a situation after studying

it for 6 months. He can call a session any time he sees fit and submit it to the Congress. The only difference is Congress will have something to say about where the money is spent, what critical unemployment areas there are. Don't you think Congress ought to have such right, since these Members of the Congress represent those areas and know them best, far better than any bureaucrat in Washington? The Members of Congress in my opinion know the States and their local communities better than any bureaucrat you can name. Don't you think that they should be consulted on what their problems are in their areas before a $2 billion program is put into effect? I mean seriously. This is a serious matter. Don't you think they should be consulted? Why shouldn't they. Especially——

Mr. SCHERER. Especially if it is 6 months before an election. I mean a presidential election; these projects could be put up wherever the administration sees fit. Wherever they could do the most good politically.

Mr. MCFALL. Will the gentleman yield?

Mr. CRAMER. I would like an answer and then I will be glad to yield to the gentleman.

Secretary RIBICOFF. I would say Congress certainly knows its areas. I would say that there are many areas that aren't affected by the problems of unemployment and might not be as concerned with these problems that affect other areas, and it would seem to me that the President acting, and with the advice of his economic advisers, would move judiciously to take into account the high areas of unemployment that existed in any given community throughout our Nation. This is no reflection upon Congress and the ability of Members of Congress to understand.

Now, your comment just on Fort Lauderdale, you say Fort Lauderdale you were surprised to see in here, because you know everybody was—well, most people are very rich in Fort Lauderdale. But yet we do show that in one of your neighboring communities, it is an area of high unemployment even though there are a lot of rich people.

Mr. CRAMER. Well, I don't represent Fort Lauderdale but the gentleman from Fort Lauderdale or Palm Beach who does represent it, I would feel confident would want to have something to say if in fact it is a high unemployment area about what public works acceleration he would want to occur in his community and would want to have an opportunity to present his case to his fellow Members of the Congress.

It just seems to me that the suggestions that all this authority should be delegated to the President, and you suggest he turn it over to his economists, to some other people in the bureaucracy to make these decisions, has to imply that those decisions cannot better be made by the Congress itself, and I am not willing to accept that approach because I don't think it is true.

Mr. WRIGHT. Will the gentleman yield? Is the gentleman suggesting that our colleague, Paul Rogers, would be upset if he wasn't in on accelerated public works?

Mr. CRAMER. I would say that he would be upset if he wasn't, if he thought it was justified.

Mr. SCHERER. Especially if it was a Republican President and Rogers wanted accelerated public works projects, and didn't get them.

Think of that. Six months before a presidential election and all this power in the President to allocate public works projects.

Mr. CRAMER. And not have to come to Congress for money to spend. Use all the reserve funds that haven't been spent.

Mr. MCFALL. Is that what the gentleman is criticizing the bill for, because he wouldn't be able to get his hand in the pot? Is that what you are criticizing?

Mr. CRAMER. I didn't even suggest that. I myself——

Mr. MCFALL. What were the suggestions just now that he wanted to say something about it?

Mr. CRAMER. I say whatever projects are built should be built on the basis of justification and merit. I say that.

Mr. MCFALL. You also said some Congressman would want to have something to say about it.

Mr. CRAMER. He would have a right to argue his case based upon the merits and I don't think the executive branch should take that right away from him.

Mr. MCFALL. My statement still goes.

Mr. CRAMER. If you want to take that approach, I don't think the President should have a $2 billion pork barrel to hand out at his discretion. The Congress of the United States ought to have something to say about where the money goes on these projects, particularly if they are supposed to be directed into unemployment areas, and there is nothing in the bill that requires $2 billion to be spent in unemployment areas.

Secretary RIBICOFF. As long as we are talking about pork, I would say historically the executive branch can't be accused of pork barrel politics. I think that you might have to look some place elsewhere the pork usually comes in in allocations for public works, sir. And I will also——

Mr. CRAMER. If you want a specific example, I can give you one. The $20 million construction program for a veterans' hospital in my district was transferred from my district to Gainesville without any justification whatsoever. If you want to talk about playing pork barrel politics, I can discuss that, too, but I think the gentleman, having been in Congress, is fully aware it can be played if the persons having the authority see fit to play it.

Secretary RIBICOFF. I would say this: I wouldn't impugn the motives of any President of the United States, be he Democrat or Republican.

Mr. CRAMER. And I wouldn't impugn the motives of Congress here either.

Secretary RIBICOFF. But I happen to know historically how pork barrel politics are played and they are not very often played in the Office of the President of the United States.

Mr. WRIGHT. Will the gentleman yield on that point?

Mr. SCHERER. I will give you an illustration. The West Virginia interstate allocation was one of the most flagrant illustrations of pork barrel politics played by the White House.

Mr. WRIGHT. Would the gentleman yield for a question on his side for a change?

Mr. CRAMER. I will.

Mr. WRIGHT. I would like to say to the Secretary I hope he is not implying or insinuating that Congress engages flagrantly in pork barrel politics in our enactment of legislative authorizations such as things for the Corps of Engineers projects and things of that type. I am sure, Mr. Secretary, that you do realize that all of those things are based on criteria of need, clearly established through such agencies as the Corps of Engineers and others and approved by the Budget Bureau reviews.

I would like to give the Secretary the opportunity to stipulate that he is not saying that Congress in this enactment of its public works authorizations has engaged in pork barrel politics.

Secretary RIBICOFF. I would say, sir, that if there is one part of a governmental operation that historically the people of America understand, it is the question of pork barrel. I mean, it has taken on a secondary meaning that is well understood and I don't impugn Congress and I don't impugn the right of every Congressman to do whatever he can for his own district. But the point I make with Mr. Cramer is this, that if you talk about logrolling and you talk about pork barrel, as a former Member of Congress, and a man who has served in the executive branch, it is my contention that history will bear out and precedent will bear out that the logrolling and the pork barreling, when it comes to projects in the United States of America, you will find will not come out of the executive branch but is usually a part and parcel of the operation of another branch of the Government.

Mr. CRAMER. That is a very serious indictment of the Congress, the only way I can interpret it.

Secretary RIBICOFF. It is not an indictment at all.

Mr. CRAMER. I have seen the executive branch play plenty of pork barrel politics. But that is not the point. The basic point is should the Congress delegate to the President substantial powers that it now has in making a decision on the basis that it needs expedition—that is the only justification—when in fact Congress has shown historically it can act equally expeditiously?

Secretary RIBICOFF. I would say that—well, you have one conclusion and you have one premise. I have another, sir. And we can sit here across the table but I won't change your mind and you won't change mine and it is my feeling that as far as the President is concerned that this is authority that the President should have, whether he be a Republican or a Democratic President, to be able to move swiftly in time of great economic stress.

Mr. CRAMER. And wouldn't it be equally well accomplished if the agencies involved, including your Department, were given authority to keep running inventories of projects that can be put into effect immediately under certain criteria for Congress to decide in the final analysis, and to do the triggering? The report could be made to Congress immediately and Congress could act immediately. Why shouldn't Congress do the triggering and do the spending?

Mr. BLATNIK. There is nothing to stop them. If the——

Mr. CRAMER. There, that is the point.

Mr. BLATNIK. There is nothing to stop the Congress. The Secretary states very clearly the need for the standby legislation. You

are the one to decide if the reason is sound enough to so delegate this authority.

Mr. CRAMER. Well, I am still listening for the reason.

Mr. BLATNIK. If the majority doesn't agree to it, then we won't delegate the authority. But the record will be clear. In postwar recessions since 1949, Congress has never gone after this problem on a large scale, and one of the reasons, and a very good reason, was that the projects couldn't be gotten underway in time, where time was of the essence, because of insufficient advanced planning and coordination which is necessary to assure they will all be available. When we have these on-the-shelf projects, all the various Government agencies cordinate, and when the moment comes where we are beginning to turn down economically, the administration can trigger these off in a systematic and orderly manner.

Mr. CRAMER. Up to the point of the administration triggering, I agree with you wholeheartedly. But why shouldn't the Congress do the triggering? Why shouldn't the Congress decide what areas it can be done in immediately, what areas will be most effective, where the greatest need exists? Why should Congress be left out of making that basic decision? And secondly, you say that advance planning money will be made available. There is nothing in the legislation proposed that makes additional advance planning money available. How are they going to have any more money than they now have for advance planning in order to trigger this $2 billion? There is no provision for that in the legislation.

Secretary RIBICOFF. I would say my attention has been called to this memorandum. You talk about 1958. I would like to read it:

> Experience in the 1958 recession illustrates the difficulty of taking suitably timed discretionary action on capital improvements projects when the action must come through the normal legislative and executive channels. In that instance the peak in economic activity came in the third quarter of 1957 and the recession trough followed in the first quarter of 1958. In the third quarter of 1958, that is, early in fiscal 1959, recovery was well underway. During this period two things are noteworthy in the area of capital improvements plans requiring legislative action.
>
> First, very little was done. Second, that which was done, the increase in highway construction, did not begin until late in 1958. By comparison, the proposed standby authority would have been triggered in the last quarter of 1957.

Mr. CRAMER. I don't disagree in the slightest with the fact that there should be a mechanism set up that keeps a running inventory of what projects can be put into effect immediately to help unemployment. But I do question that once the decision is made that there is a need—that there is adequate unemployment—and what types of projects and in what areas projects could be accelerated or new projects brought into effect to help that unemployment, why that information shouldn't be submitted to Congress and Congress make the decision as to how much money should be spent, what projects should be involved, and how the antirecession machinery is going to work.

Why should Congress be left out of that picture when it has been proven historically Congress is willing to and can act expeditiously?

Secretary RIBICOFF. I think the record of 1958 that you cite indicates that that isn't how it works.

Mr. CRAMER. That isn't how it worked principally because adequate planning didn't go into it, and I concede that adequate planning is needed, but when it comes after the plan has been made and it is a ques-

tion of triggering that plan, the Congress ought to have something to say about it. That is the weakness of the 1958 plan, isn't it?

Secretary RIBICOFF. I don't know what the weakness of the 1958 plan was, but it didn't work the way they wanted it to work.

Mr. CRAMER. You just read over the statement.

Secretary RIBICOFF. That is right. That is why I read it to you. It didn't work the way you thought it would work.

Mr. WRIGHT. Mr. Secretary, will the gentleman yield?

Mr. CRAMER. Yes.

Mr. WRIGHT. Mr. Secretary, would you say that one of the weaknesses of the 1958 plan may have been the matter of timing, that by the time Congress had enacted these antirecessionary measures and they had been put into effect, it was a little late for it to have its maximum effectiveness? In this present plan, isn't there a requirement that before a project may be accelerated, it must meet certain criteria such as public need and result of increases in local capital expenditures must be consistent with local comprehensive planning, must reduce unemployment effectively? Now, I think what the gentleman from Florida is concerned about is the possibility that these may be so loosely interpreted——

Mr. CRAMER. You are right.

Mr. WRIGHT (continuing). That they could be used to favor certain communities to the detriment of others.

Now, what assurances would we have in the Congress that this would not result but that you would have firm criteria based upon actual factual need?

Secretary RIBICOFF. Well, I think it is spelled out in detail in section VIII of the bill on page 9 in which it lists the various conditions involved. I would say that the executive branch would certainly act accordingly. The Council of Economic Advisers would keep the President informed about the unemployment situation, make recommendations to him on when to invoke the standby acceleration authority when determinative and make recommendations on the volume and general types of public works to be undertaken or accelerated. Then, of course, the Bureau of the Budget has its role to play and then the act itself spells out the restrictions, the limitations, and these are as follows:

> No financial assistance shall be made with respect to any project or program unless the project or segment of work, to be assisted under this Act—(1) can be initiated or accelerated within a reasonably short period of time; (2) will meet an essential public need; (3) if initiated hereunder, can be completed within 12 months after initiation; (4) will contribute significantly to the reduction of unemployment; and (5) is not inconsistent with locally approved comprehensive plans for the jurisdictions affected, wherever such plans exist.

Now, if there is a fear that these conditions aren't stringent enough, certainly there is nothing to stop a knowledgeable committee like this to put in other restrictions, other conditions that you think are necessary to safeguard the objectives that you have in mind.

Mr. WRIGHT. It seems to me from this the gentleman from Florida would have the apprehension if we were again on the assumption that the people directing the program were setting out with an idea of favoring certain communities over others. I notice, however, that there is in the bill a requirement which limits the amount that can be

done in any one State to not more than 12½ percent, and in addition to that, isn't it true that all the programs which would be authorized for acceleration by this bill would be programs already authorized by the Congress? In other words, you could not accelerate a pending Corps of Engineers project absent an authorization from the Congress. You could not accelerate a water pollution program absent its having gone through the normal channels of approval. We could not accelerate a program to build an upstream series of soil conservation dams until they first had been approved by the appropriate congressional committee.

What are the exceptions to this? Are there any programs that you would be authorized under this bill to accelerate which first had not been approved in the normal procedural manner?

Secretary RIBICOFF. Yes. On page 6, under section 6, page 6 of the act, the Housing and Home Finance Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to make grants to States, municipalities, and local public bodies to finance the initiation or acceleration of capital improvement projects and programs which are not eligible for grants under other acts of Congress.

Mr. CRAMER. And, as a matter of fact, isn't it true that the large portion of the $600 million proposal is supposed to go into matching funds for any public purpose in any local community which is a foot-in-the-door approach to general community facilities matching funds? Fifty percent Federal matching for establishing a beach or a park or a local city hall, fire department building, any local public works project can be participated in to the extent of 50 percent without Congress even authorizing the basic program of Federal participation except through this general catchall legislation. Isn't that true?

Secretary RIBICOFF. I would say that your observation is substantially correct. Of course, this is something that I can well understand you giving consideration to.

Mr. BALDWIN. Would the gentleman yield?

Mr. CRAMER. Yes.

Mr. BALDWIN. Mr. Secretary, there is even less limitation, as I read this bill, on where the President can go to take up obligated funds. If I read this bill correctly, this bill authorizes the President to go anywhere in any program, any branch of the Government, and pick up funds that have not been yet obligated. This means, for example, that if the Congress in its wisdom had appropriated funds for a Federal prison in Illinois or a Veteran's Administration hospital in Texas, that the administration could knock out those unobligated funds before they are appropriated and transfer them to some other State. Is there any limitation on that being done?

Secretary RIBICOFF. No. You are correct in your statement.

Mr. CRAMER. They could take the money if we appropriated it to the RS–70, half a billion dollars, and put it into this program if the President saw fit. The President can take the $300 million that he is not spending for direct loans for VA housing which was authorized to help construction. They could take that $300 million and refuse to spend it there and spend it in this program, couldn't they?

Secretary RIBICOFF. I would say that they could be transferred, yes, and then they would have to be put back.

Mr. CRAMER. Put back in the other program. The expenditure would have been obligated. So Congress would be obligated to refund in that back-door spending fashion if it saw fit to move forward on those programs. That is the most gross back-door spending program we can possibly conceive.

Mr. SCHERER. If we ever get a President as reactionary as I am, he might take it away from your water pollution funds.

Secretary RIBICOFF. Well, I think Congressman Blatnik would make a lot of trouble for him in the next session.

Mr. DAVIS. Let's get back on the track now. Let's proceed in the regular order.

Mr. ROBISON. Would the gentleman from Florida yield? Is the gentleman through?

Mr. CRAMER. I yield, Mr. Chairman.

Mr. ROBISON. May I ask a question? Mr. Secretary, being specific with respect to your statement, on page 6 you speak about the needs of the smaller community with particular reference to the waste treatment plant construction program.

Now, if I understand your statement correctly, and the intent of the legislation before us, the present ground-rule limitation of 30 percent for the Federal share would go out the window under the legislation; is that correct?

Secretary RIBICOFF. I would say if a community would qualify in the bill, 30 percent would then become changed to 50 percent. That is correct.

Mr. ROBISON. It would go to 50.

Now, let me ask the gentleman from California, Mr. Baldwin, with respect to last year's bill, the Blatnik bill so-called, did we or did we not include in there some provision for the protection of the smaller community with respect to the funds authorized and appropriated by Congress?

Mr. BALDWIN. There was a clause in the bill that gave priority to the applications of smaller communities that had already been placed on file prior to the enacting date of the bill.

Mr. ROBISON. Carrying that thought further, then, on page 6 of the bill, pages 5 to 6, and I am referring to H.R. 10318, it seems to read that no grants under this section shall be subject to any limitation in other laws with respect to the apportionment of funds, the time in which grants may be made, or the aggregate dollar amounts of grants for any prescribed purpose, project, or program.

My question is: Does not that proposed legislation then remove all of the various ground rules that we previously had for one purpose or another, including the one which the gentleman from California was instrumental in preserving, designed to protect the interests of the smaller communities in the water waste treatment plant construction program?

Mr. BALDWIN. It goes out the window.

Mr. ROBISON. Yes.

Secretary RIBICOFF. I would say this would only apply as far as the accelerated projects are concerned, but they would still have to meet the plans and specifications.

Mr. ROBISON. I understand that, but on the other hand, we would be drawing now on this pool of money, at least indirectly drawing down on it, on appropriated funds and the funds under the accelerated program could go to the larger communities without any limitation other than the 50 percent limitation, correct?

Secretary RIBICOFF. I would say that that is correct. Of course, it would have to be the type of project that could be finished within a year. And, of course, the chances are in many of the big city ones, they couldn't be, and so consequently there would be this priority that prevailed I would guess under the small communities.

Mr. ROBISON. Perhaps from a practical standpoint.

Secretary RIBICOFF. Practical.

Mr. BALDWIN. Would the gentleman yield?

Mr. ROBISON. Yes.

Mr. BALDWIN. On this particular point, Mr. Secretary, as I recall we actually had three limitations in the law. One, we had a priority for small communities. Second, we had a limitation on the total dollar amount that would be available in a single project. And third, we had another total that would be available where there were a group of communities pooled together in one district that made an application.

Now, in effect this knocks out all those priorities as I see it.

Secretary RIBICOFF. Truthfully I think to solve unemployment, I think you are correct.

Mr. CRAMER. Would the gentleman yield?

Mr. ROBISON. Yes.

Mr. CRAMER. If you had a project, say, that costs $50 million, presently the limitation would be $800,000 maximum, would it, if it were not an intercommunity project?

Secretary RIBICOFF. Right.

Mr. CRAMER. With this bill in effect, the President could authorize the $25 million expenditure, 50 percent of the cost, right?

Secretary RIBICOFF. I would doubt whether practically any $25 million project could possibly be completed within a year anyway.

Mr. CRAMER. Let's take one that could. What could be completed? What is the cutoff, $2 million, $3 million, $5 million?

Secretary RIBICOFF. I don't know. I am not in a—I am not an engineer. I don't know. Mr. McCallum tells me that this would probably be a project in this field that would cost between a half million and a million dollars.

Mr. CRAMER. Would cost how much?

Secretary RIBICOFF. Between a half million and a million dollars to be completed.

Mr. CRAMER. That is interesting because every waste treatment project that costs more than a million dollars would be automatically eliminated from this bill. That is the point I was getting to a minute ago, if it couldn't be completed within a year or so. So as to these projects, the total cost would virtually exceed a million dollars and they couldn't even qualify in the bill.

Secretary RIBICOFF. But as the engineers point out to me from Public Health Service, three-quarters of the projects we are talking about come within this definition. So you would be dealing with the overwhelming number of projects which would be eligible that come within that category of cost.

Mr. CRAMER. To a large extent it is the larger populated areas that have the unemployment problem and this eliminates them from the water pollution end of it and it eliminates them from the hospital end if it is a large hospital. So that is not helping unemployment where you have substantial unemployment at all.

Secretary RIBICOFF. You try to help it wherever you can and wherever you help unemployment, it isn't concentrated in one place. It does have a way of having its impact on the whole, not only the State or the area but the whole Nation. If you get these projects going, that itself will generate activity which will have benefits for everyone in the land.

Mr. ROBISON. Mr. Secretary, I think I still have the floor. I have one other thought I would like to explore with you. Section 5 of the bill, again referring to H.R. 10318, seems to also provide that such ground rules as we have laid out or Congress has laid out for the apportionment of funds under various programs, on a State-by-State basis, that these ground rules also go out the window with respect to work done under immediate or the standby proposal. Section 5 at the bottom, page 5 of the bill, says—

Provided, That no grant * * * shall be subject to any limitation in other laws with respect to the apportionment of funds.

Secretary RIBICOFF. The allotment under the regular programs would continue but they wouldn't have any impact upon these additional funds.

Mr. ROBISON. Well, to carry out my reason for asking the question, being from New York State I am particularly conscious of the fact that we almost always pay more into any Federal aid program than we ever get back. So I don't always agree with the formulas set up for distribution on a State-by-State basis of the benefits under one Federal program as compared to another.

However, if I understand this provision correctly, under either the standby or immediate authority, whatever would be provided there, none of it necessarily would go to New York. It could all go to eight other States, and I don't mean to be improperly provincial about this, but I think it is something we all ought to consider.

Secretary RIBICOFF. Yes. But I think that we all have to realize that whenever there is activity anywhere in the country, New York is a beneficiary. If the activity is a prosperous one throughout the land, New York is a great beneficiary. If the activity is down around the land, New York is the loser. I think this is the interdependence that every man and every State and every community has on every other man and every other community in the State. I mean, this is what has made New York great. This is what has helped make my own State a rich State, the fact that our activities supply material and products and services not only to our own State but throughout the land, and if there is general prosperity in the rest of the country, States like New York and Connecticut are the beneficiaries of it.

Mr. BALDWIN. I would like to say we in California have been unsuccessful in persuading New York of that feature of defense contracts all along the way.

Mr. ROBISON. That has been most difficult to understand. I yield the floor.

Mr. GRAY. Did you yield the floor?

Mr. ROBISON. Yes, Mr. Chairman.

Mr. GRAY. Mr. Chairman.

Mr. Secretary, you were a very distinguished Member of the House of Representatives at one time and I hope may be a Member of the other body if I read accurately in the press. I am sure you are familiar with the process. Is it not a fact that when we appropriate funds as we did this year to authorize $4.5 billion to a public housing program, that the various housing authorities come in and make applications through the administration, that they have sole discretion as to whether or not to approve or disapprove the application?

Now the fact that we appropriate to the Rural Electrification Administration, as an example, and the various cooperatives come in and make their application for a powerplant or distribution line, that Congress has no further review over these applications? Then do you see any real difference between this legislation if we give the President authority to help unemployment than the regularly established programs run by your agency or the Department of Agriculture or Housing and Home Finance, or any other program where we give funds from the Congress to do a specific job and then have no further control? It is left strictly up to the Administrator.

Secretary RIBICOFF. That is correct.

Mr. GRAY. Do you see any difference?

Secretary RIBICOFF. I think you have made a very expert point.

Mr. GRAY. So really we are not advocating any congressional responsibilities here at all. We are saying to the President we want to do something about the unemployment and we give you the vehicle that you need to go into those areas where you find unemployment and do something immediately instead of going the gauntlet of this whole process. Isn't that essentially your views on this?

Secretary RIBICOFF. You are correct, Mr. Gray.

Mr. BALDWIN. Would the gentleman yield?

Mr. GRAY. Yes.

Mr. BALDWIN. Mr. Secretary, if you say you see no difference in these programs, will you cite me which one of those programs give the President carte blanche authority to go to all the appropriations made by Congress and all over the field of government and take $2 billion to spend for any one of these programs that he mentioned?

Secretary RIBICOFF. Congress is being asked for a new program.

Mr. BALDWIN. I would appreciate an answer to my question.

Secretary RIBICOFF. No, I don't. I don't know that.

Mr. BALDWIN. All of them.

Mr. CRAMER. You can't transfer money from FHA to the Defense Department. You can't transfer unobligated appropriations between departments.

Mr. GRAY. I am saying that——

Mr. CRAMER. And they don't even have to be surpluses under this authorization. Likewise there is no authority at all for them to participate on local public works projects outside of their own——

Mr. GRAY. You are referring to the amount, the matter of financing. I am talking about the setting up of the program. You are correct on financing. You keep talking about losing control but Congress ought to have a chance to say what States or what districts these projects will go in. I say we gave Dr. Weaver, as an example, $4.5

billion to build public housing. He can put them all in one State or all over the United States and the administration has the sole discretion as to where those projects will be built. I am saying that this bill gives the President and the administration the same authority. You are correct in the means of financing. It is true that this would establish a precedent. I don't argue that point. I am merely saying that we are giving the President the same authority to spend this $2 billion as we would on any other authorization program including the Area Redevelopment Act that we passed last year.

Mr. CRAMER. I suggest that the justification for expenditures on an item-by-item basis has to be made to the Appropriations Committee which results in a lump sum appropriation, but those justifications are made to Congress, Congress is consulted about them, and Congress has a right to say something about it by necessarily cutting the total lump sum request. Congress is consulted in most all of these programs.

Mr. GRAY. The gentleman knows that the Public Housing Administrator or the ARA Administrator doesn't talk about individual cities or individual projects that they are going to approve, say 300 units of public housing projects in Tampa, or some place else. He merely comes in and talks about the needs of the country and the Congress appropriates funds for those programs. That is what the President says here. He sees the need in certain areas of speeding up public works projects and he wants to do it in the areas, in the fields that these gentlemen point out. I say there is no difference between that type of program and the programs already established and passed by Congress and we have no further review of the housing program, REA, ARA, or any other programs once we authorize and once the money is appropriated. We have no further control over it. I think the record is clear on that point.

Mr. MCFALL. Will the gentleman yield?

Mr. GRAY. Yes.

Mr. MCFALL. That is certainly the case in the witness' department. The Secretary is discussing the projects in his authority and his jurisdiction that would be assisted by this law. He is pointing out to us that hospitals and sewage disposal works would be assisted. In none of those projects does the Congress have any right to determine which specific projects are approved or disapproved. We set up the standards and we have faith in the executive branch to administer those standards.

Mr. GRAY. The gentleman is absolutely correct.

Mr. ROBISON. Would the gentleman from California yield to me? With the exception that there is in these other programs an allocation formula as between the 50 States of some sort.

Mr. MCFALL. There is an allocation formula——

Mr. ROBISON. I mean that the executive branch must live within that formula. Under this——

Mr. MCFALL. We would hope that we would put standards in this legislation which would provide a guiding line for the administration to administer this program fairly, and perhaps we don't have them all in the bills before us. We have been discussing whether or not this would be triggered by the Congress or by the administration, and it has been said why should not the Congress do it instead of the adminis-

tration? Well, we hope that we will put standards in the law that would require merely a determination of fact and it wouldn't make any difference whether the Congress did it or whether the President did it. You determine what the facts are and if the facts match the standards that we set up in the bill, then it is started into action.

Mr. GRAY. If I may make one further comment to the Secretary, as a practical matter, Mr. Secretary, wouldn't you agree that since the States are going to be matching these funds, it would be impossible for each Member of the Congress to say, I would like to have this project or that project, because as you very well know, the States set up a priority system, particularly on sewerage projects, and let us say, for example, I want some project in my hometown or some other hometown and the department of public health, the Illinois Department of Public Health says we don't want to use those funds for that project. We have another one that meets a higher priority.

It would be impossible. You would have a conflict here that you would never resolve, where the money was spent if it was left up to congressional review. We have to take the word of those people in the business. You are specialists in hospital construction, sewerage construction. People in the public housing and other agencies are specialists in those phases, and I feel there are competent people with civil service, and the people we have mainly in the administration, most of them are under civil service and hold over from one administration to the other, and they are going to be fair in determining what projects are needed in carrying out this type of a program.

Mr. CRAMER. Would the gentleman yield? Who is the authority in the administration on building firehouses?

Mr. GRAY. They are community facilities.

Mr. CRAMER. Who is the authority for building public beaches?

Mr. GRAY. The same people. Sidney Wollner and the commissioner and other people in Chicago, in my area, the same people that were there in the Eisenhower administration, and the——

Mr. CRAMER. Who is the authority for building jailhouses?

Mr. GRAY. It depends on whether it is State or Federal.

Mr. CRAMER. They all qualify under this 50-percent Federal grant.

Mr. GRAY. If it is a State jail, it would be a State concern.

Mr. CRAMER. That is a local jail, city jail. This is a county jail. They are all qualified.

Mr. DAVIS. I was about to suggest that much of this could be resolved in executive session. We are holding a Cabinet officer here asking him——

Mr. GRAY. I am finished.

Mr. DAVIS (continuing). Asking him one question and then our members get into these colloquies, and we have some things to do and some of the others have. I think a very good record has been made up to this point. I respectfully make that suggestion.

Secretary RIBICOFF. May I say, Mr. Chairman, I have enoyed it very much. It brought me back a very great sense of nostalgia.

Mr. SCHERER. I have one question that I do think is important since it applies to the agency represented here by the Secretary.

Mr. DAVIS. The Chair recognizes the gentleman from Ohio.

Mr. SCHERER. As you know, Mr. Secretary, Congress has authorized the expenditure from the years 1963 through 1967 of $100 million

a year for sewage treatment plants. Let us assume now that we pass the current legislation and the President decides to accelerate the expenditure for sewage treatment plants in the year 1964 by another $100 million. Is that $100 million deducted, then, from your future authorizations?

Secretary RIBICOFF. No. This is additional.

Mr. SCHERER. This is an additional amount? That is your understanding of the legislation?

Secretary RIBICOFF. It is, sir.

Mr. SCHERER. The will of Congress is then circumvented in that respect.

Secretary RIBICOFF. You are not circumvented because you know when you are voting for this bill that you are taking care of a special situation based on the need during economic adversity, and an additional sum, additional sums will be spent for projects that are basically needed by localities.

Mr. SCHERER. But this $100 million may have been taken from housing which the Congress thinks is more important.

Secretary RIBICOFF. Are you talking about the $600 million, the first $600 million?

Mr. SCHERER. No. I am talking about the basic legislation. The $2 billion standby bill.

Secretary RIBICOFF. The $2 billion.

Mr. SCHERER. The President may have gotten this $100 million from Housing funds.

Secretary RIBICOFF. But then he would have to—it would have to be replaced.

Mr. SCHERER. No.

Secretary RIBICOFF. Not he, but it would have to be replaced by Congress.

Mr. SCHERER. By Congress. Congress would be forced, then, if they wanted to continue the housing program at the same level they originally authorized to appropriate another $100 million for replenishment of housing funds.

Mr. CRAMER. That is what the President and the budget have done to business. No President has ever had authority to juggle budgets from one agency——

Mr. SCHERER. Here they would practically force the Congress, then, to authorize or appropriate another $100 million for the housing program.

Mr. DAVIS. Any other questions?

Thank you, Mr. Secretary.

The committee will recess until 10 o'clock in the morning.

(Whereupon, at 3:30 p.m., the hearing was recessed, to reconvene at 10 a.m. on Tuesday, March 27, 1962.)

STANDBY CAPITAL IMPROVEMENTS ACT OF 1962

TUESDAY, MARCH 27, 1962

House of Representatives,
Committee on Public Works,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 1302, New House Office Building, Hon. George H. Fallon presiding.

Mr. Fallon. Ladies and gentlemen, the Public Works Committee is meeting this morning for a continuation of hearings on H.R. 10113 and H.R. 10318 known as Standby Capital Improvements Act of 1962.

Our first witness this morning will be Mr. Jack Conway, Deputy Administrator of the Housing and Home Finance Agency.

STATEMENT OF JACK CONWAY, DEPUTY ADMINISTRATOR, HOUSING AND HOME FINANCE AGENCY; ACCOMPANIED BY SIDNEY H. WOOLNER, COMMISSIONER OF COMMUNITY FACILITIES ADMINISTRATION; AND MILTON SEMER, GENERAL COUNSEL, HOUSING AND HOME FINANCE AGENCY

Mr. Fallon. Mr. Conway?

Mr. Conway. Yes.

Mr. Fallon. I want to say that Mr. Conway is accompanied by Mr. Sidney H. Woolner, Commissioner of Community Facilities Administration and Mr. Milton Semer, General Counsel.

Mr. Conway, on behalf of the committee, I want to express our appreciation for your coming here this morning.

Mr. Conway. Thank you, Mr. Chairman.

I appreciate the opportunity to appear before this committee and assist in your consideration of legislation to provide authority to accelerate capital improvements when needed to stimulate the economy (H.R. 10318 and similar bills containing administration proposals, and H.R. 10113 and similar bills, introduced by Representative Buckley, Representative Blatnik, and others; and amendments to H.R. 10318 proposed by the administration).

My remarks will be directed primarily to the aspects of the legislation relating to the Housing and Home Finance Agency, as the general merits of the proposals have been discussed by other administration witnesses.

Mr. Sidney Woolner, the Community Facilities Administration Commissioner, and Mr. Milton Semer, our General Counsel, are here to assist in answering any questions you may have concerning our existing programs or the role of the Housing Agency under the proposed legislation.

Under the administration proposal (H.R. 10318), the Housing and Home Finance Administrator would have responsibility for carrying out functions with respect to three important programs:

(1) A new program of grants to States and local public bodies, under section 6 of the bill, for capital improvement projects not eligible for grants under existing Federal programs;

(2) A new program of Federal loans to States and localities, under section 7, for capital improvement projects where the State or locality is otherwise unable to furnish its share of the cost; and

(3) Assistance for the advance planning of public works by localities.

In administering the new grant program, the Housing Administrator would have available such funds as are allocated under the bill by the President for this purpose. These grants would be available for the initiation or acceleration of a broad range of "capital improvements" as defined in section 13 of the bill, including such facilities as libraries, firehouses, public streets, sidewalks, and other public facilities.

However, there would be excluded from this new grant program administered by the Housing Administrator any facilities which are eligible for grants under existing Federal programs, such as hospitals eligible under the Hill-Burton Act and airports eligible under the Federal Aid to Airports Act. The amount of each grant under this new grant program in the bill could not exceed 50 percent of the cost of undertaking and completing the project being assisted.

In administering the new Federal loan program, the Housing Administrator would have available such funds as the President allocates for this purpose under the bill.

These loans could be made only to a State or local public body or nonprofit organization which otherwise would be unable to meet its share of the cost of a project for which a Federal grant is made under the bill.

The loans could be made in connection with projects assisted with grants under either the grant program administered by the Housing Agency or a grant program pursuant to section 5 of the bill, which relates to projects eligible for Federal grants under existing law.

The loans would be repayable over a period not to exceed 40 years.

They would have a maximum interest rate that would currently be 3⅝ percent, which would be similar to that presently charged in the public facility loan program administered by the Housing Agency.

The administration proposal reemphasizes the importance of the advance planning of capital improvement projects as a necessary step to assure that an adequate backlog will be ready for prompt action when Federal assistance is made available under the standby authority of the bill. Thus, section 2 would require that—

> the Federal Government shall assist and encourage the States and local governmental bodies, under provisions of existing law, to make advance plans for capital improvement projects.

Section 10 of the bill would authorize the appropriation of additional funds for the existing program of the Housing Agency (sec. 702 of the Housing Act of 1954) for making interest-free advances to localities for public works planning. The purpose of this program is to assist States and localities in the advance preparation for public

works construction, thereby facilitating efficient long-range planning and providing a pipeline of planned public works, which can be placed under construction within a reasonable period of time.

At present there is a statutory $58 million limitation on the amounts available for advances. Of this amount, $43 million has been appropriated, and less than a million dollars of these funds remain uncommitted.

Independently of the proposed legislation administration requests for additional appropriations for the program during this session of Congress will exhaust the $58 million limitation.

The bill would remove the dollar limitation on the authorization for appropriation.

Under existing law, the Housing Agency also is authorized—

> to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State and local public works.

Upon enactment of the administration proposal, the Housing Agency would expand its public works planning assistance program, initiate continuing current surveys of the status of State and local public works planning and of estimated requirements for State and local public works, and encourage the establishment of a comprehensive reserve of State and local planned public works.

The action of the Congress in establishing the existing public works planning assistance program was based on the recognition of a tremendous need for additional public works construction. In 1960, the Census Bureau, on behalf of the Housing and Home Finance Agency, conducted a survey of public works expenditures by State and local governments that were in the planning stage.

The survey indicated that over an 18-month period ending December 31, 1961, State and local governments were scheduled to complete the planning of public works projects with an estimated total construction cost of $21.7 billion.

A total of 88,000 projects were contemplated, of which about 58,000 were estimated to cost under $100,000 per project, 25,000 were estimated to cost between $100,000 and $1 million per project, and 5,000 were estimated to cost in excess of $1 million per project.

Assuming an average cost of $50,000 per project for the 58,000 projects estimated to cost under $100,000, there is approximately $2.9 billion worth of such small project work planned.

Assuming an average cost of $500,000 for the 25,000 projects estimated to cost between $100,000 and $1 million per project, there is approximately $12.5 billion worth of such moderate-sized project work planned.

The construction of a building, such as a college dormitory costing $1 million takes about 11 months to complete, a $1 million sewer facility about 8 months, and a $100,000 street repair job about 3 to 4 months.

A great many of these planned State and local projects could be initiated within a reasonably short time after the President declares an acceleration period, and could be completed within 12 months.

Many types of community facilities are needed and have been planned. In addition to improved sanitation and water facilities, there is an urgent need to increase the number of hospitals and other health facilities.

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Many communities are faced with the need to make large expenditures to improve transit system ways and structures, and to maintain and provide other fixed facilities for bus operations, many of which are publicly owned. The increased flow of urban traffic has also greatly increased the need for highway and railroad overpasses, and street improvements and repairs. There are also great backlog needs for community buildings. The population growth and replacement needs for firehouses, police stations, and administration buildings requires an acceleration of such construction. To keep abreast with population growth, the construction of new public library space should be twice as great as it has been.

With your permission, Mr. Chairman, I will submit for the record a statement giving a summary of the planning advances made by the Housing Agency during 1961 and indicating the types of facilities planned, their location, and the estimated costs of construction.

Mr. FALLON. Without objection, it is so ordered.

(The summary referred to follows:)

HOUSING AND HOME FINANCE AGENCY, COMMUNITY FACILITIES ADMINISTRATION, WASHINGTON, D.C.

CFA advances for public works planning, Jan. 1 to Dec. 31, 1961

Projects, 521; advances, $18,044,270; estimated cost, $1,050, 282,508

Location	Applicant	Project	Advance	Estimated cost
ALABAMA (9)				
Arab	City	Water system	$23,985	$750,000
Bayou la Batre	do	Sanitary sewer system	6,336	775,000
Collinsville	do	do	2,500	166,500
Huntsville	Public building authority.	Municipal building	105,000	3,180,000
Jasper	City	Interceptor sewer	4,424	112,000
Jefferson County		Expressway	260,000	11,708,000
Montgomery	Water and sewer board	Outfalls, force mains	13,575	474,735
Do	do	Lift stations	2,200	76,300
Do	do	do	4,583	162,216
Subtotal			422,603	17,404,751
ALASKA (15)				
College	University of Alaska	Heating plant	112.500	2,707,500
Do	do	Apartments for married students.	36,000	992,000
Do	do	Dormitory-dining complex	88,000	2,776,000
Fairbanks	Independent school district.	14-classroom elementary school.	56,000	1,455,800
Do	do	High school additions	57,400	1,379,900
Juneau	City	Street, bridge improvements.	40,000	1,215,000
Do	do	Sewage collection	15,000	200,000
Do	do	Storm, sanitary sewers	26,000	950,000
Do	do	Parking facilities	16,000	765,000
Ketchikan	do	Electric power system improvements.	48,000	1,283,440
Kodiak	Independent school district.	High school additions	22,000	390,000
Do	City	Pumping plant	20,000	270,541
Palmer	Independent school district.	Elementary and junior high school.	14,500	1,000,000
Seldovia	Public utility district	Water improvements	15,895	197,240
Wrangall	City	Harbor improvements	5,000	160,000
Subtotal			572,295	15,742,421
ARIZONA (7)				
Chinle	School district	School	6,000	400,000
Mammoth	Town	Sanitary sewer system	12,100	245,000

CFA advances for public works planning, Jan. 1 to Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
ARIZONA—Con.				
Mesa	Maricopa County School District No. 207.	2,400-pupil high school	$39,000	$3,058,500
Phoenix	State planning and building commission.	State office building	97,542	7,036,468
Do	do	General services building	4,365	319,960
Prescott	do	Home for aged addition	47,000	3,482,000
Do	Yavapai Hospital District.	Hospitals additions	10,000	1,200,000
Subtotal			216,007	15,741,928
ARKANSAS (9)				
Ashdown	City	Treatment plant	2,600	140,000
Benton and Washington Counties.	Beaver Water District	Water facilities	34,600	2,975,000
Bradley	Town	Sewers, treatment facilities	2,875	130,050
Calico Rock	do	Sanitary sewer facilities	1,000	195,475
Do	do	Water system improvements	500	84,375
Forrest City	East St. Francis Drainage District.	Flood control	6,691	128,263
Kensett City	City	Water and sewer facilities	2,200	172,000
McRae	do	do	1,700	99,500
Perry	Town	Water system	700	45,000
Subtotal			52,866	3,969,663
CALIFORNIA (58)				
Alta Lona	Union college district	School	24,000	334,000
Amador County	Pioneer-Pine Grove Water District.	Water system, storage	4,800	605,200
Arlington	Alvord Unified School District.	22-classroom school	21,553	1,240,559
Do	do	16-classroom school	11,500	648,000
Do	do	Administration office	5,900	340,700
Arrayo Grande and Grover City.	San Luis Obispo flood and water conservacy district joint city.	Flood control and storm drainage.	8,000	1,002,500
Do	do	Sanitary sewers	35,000	1,350,000
Arvin	Arvin-Edison water	Irrigation system	30,000	14,980,000
Bakersfield	City	Grade separation	46,800	1,008,000
Banning	do	Sewers, treatment	45,650	620,000
Cambria	County water district	Sanitary sewer system	7,400	1,185,000
Carlsbad and Vista Sanitary district.	Joint project	Sewer facilities	45,000	4,678,500
Clearlake Oaks	County water district	Water system extension	16,500	300,000
Coalinga	City	Sewage treatment facility	8,600	277,000
Covina	do	Public library	8,315	499,860
Escondido	San Diego School Authority.	2 elementary schools	16,900	985,550
Fallbrook	Union school district	Junior high addition	13,820	791,861
Felton	San Lorenzo Valley unified school district.	Elementary school addition	1,722	110,648
Do	do	High school addition	5,050	329,963
Fort Bragg	do	Elementary school	8,600	460,000
Do	do	Additions to 4 schools	15,400	895,000
Garden Grove	Union high school district.	36-classroom school	41,444	3,703,200
Gonzales	City	Sewer system extension	8,500	99,000
Half Moon Bay	Union high school district.	High school additions	29,870	1,304,867
Hanford	City	Sewer facilities	65,000	1,500,000
Imperial Beach	do	Municipal pier	5,700	297,400
Indio	do	Grade separation	12,000	1,151,140
Keyes	Service district	Sewer system	2,100	190,000
Livingston	City	Sanitary sewer system	10,000	400,000
Marysville	do	Treatment plant extension	34,000	700,000
Do	do	Storm drainage	43,700	800,000
Napa	Union high school district.	High school addition	56,100	1,768,470
Do	do	Junior college	28,560	2,341,000
North Highlands	Joint school district	18-classroom elementary school.	12,138	697,120
Pacific Grove	Unified school district	High schools additions	16,169	954,900
Pinedale	County water district	Sewers, disposal system	3,500	450,000
Placer County	County water agency	Water, power facility	1,500,000	122,099,880
Placerville		Sewer facilities	11,200	444,200
Do		Water facilities	8,800	352,700

CFA advances for public works planning, Jan. 1 to Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
CALIFORNIA—Con.				
Rolling Hills	City	Street improvements	$50,710	$1,096,000
Salinas	do	Drainage system	13,150	1,712,700
San Jose	do	Municipal theater	30,000	2,730,000
San Luis Obispo	do	Sewage treatment facilities	51,000	993,000
Do	Water conservation district.	Water distribution	40,000	8,000,000
San Mateo	County	Civic auditorium	60,000	3,809,500
Do	City	Hospital additions	59,000	4,162,000
San Jose County	Water conservation district.	Water treatment facilities	50,000	6,840,000
Seaside	City	Storm sewers	9,750	560,250
South San Francisco and San Bruno.	do	Sewer system additions	115,000	2,419,000
Spring Valley	La Mesa-Spring Valley School District.	Two elementary schools	25,480	1,480,711
Springville	Public utility district	Sanitary sewer system	5,311	303,728
Do	Union school district	School	10,840	685,660
Truckee	Truckee-Tahoe Airport district.	Airport improvements	9,200	702,000
Vacaville	Union school district	Elementary school	6,800	314,087
Ventura	Municipal water district	Sewer system extensions	4,500	2,130,000
Valley Center	do	Sewer additions	8,500	1,095,700
Woodland	School district	School additions	12,718	782,899
Woodside	do	Elementary school	10,614	399,391
Subtotal			2,850,864	214,443,021
COLORADO (9)				
Brighton	City	Water supply improvements.	2,000	300,000
Do	do	Sewer trunkline	2,000	225,000
Do	do	Storm sewers	800	550,000
Denver	Sanitation districts in Adams, Jefferson, Arapahoe, and Denver Counties (metropolitan).	Collection, treatment	270,000	29,000,000
Mesa County	Ute Water Conservancy District.	Complete water system	95,000	1,082,000
Lafayette	City	Water system improvements.	2,326	387,826
Do	do	Sewer improvements	1,725	170,450
Sheridan	do	Street improvements	15,000	455,000
Steamboat Springs	Town	Sewer facilities	6,000	316,500
CONNECTICUT (8)				
Bethel	do	Sanitary sewer system	36,790	2,994,000
Bristol	City	Municipal building	67,500	1,629,815
East Hampton	Town	Water facilities	15,000	1,355,000
East Haven	do	Sewer treatment plant	150,350	4,258,000
Manchester	Hartford County	Sanitary sewer system	51,350	2,880,000
New Haven	City	Treatment plant improvements.	145,000	3,660,000
North Haven	Town	Sanitary sewer system	154,000	6,938,400
Bristol	City	Flood control	25,300	696,400
Subtotal			645,310	24,411,615
FLORIDA (11)				
Broward County	County	Jet airport	275,000	39,000,000
Cocoa Beach	Cape Canaveral Hospital Board.	Hospital addition	5,000	710,000
Mary Esther	Town	Sewer and water	7,201	552,000
Melbourne	City	Sewer system extension	14,500	1,450,000
Orlando	Orange County Commissioners. (This project includes Winter Park and Lake Maitland).	Drainage and water control	45,500	3,711,500
Pinellas County		Sewer system	128,000	3,488,750
Punta Gorda	City	do	10,000	2,400,000
Safety Harbor	do	Water and sewer extensions	14,980	600,000
St. Cloud	do	Sewer system extensions	9,000	395,000
Springfield	do	New waterlines	5,000	600,000
Winter Haven	do	Storm drains, water connections.	35,000	2,480,000
Subtotal			549,681	55,387,250

CFA advances for public works planning, Jan. 1 to Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
GEORGIA (5)				
Decatur	DeKalb County	Justice building	$20,400	$1,751,000
Do	do	Public health building	12,600	896,900
Do	City	Junior high school	19,500	1,863,000
Quitman	do	Sewer extensions	8,000	658,300
Do	do	Water system improvements.	3,550	298,550
Subtotal			64,050	5,467,750
HAWAII (2)				
Hilo	County of Hawaii	Sewer system	10,000	850,000
Kapaau	do	30-bed general hospital	11,000	900,000
Subtotal			21,000	1,750,000
IDAHO (4)				
Ada County	County	100-bed nursing home	10,500	886,000
Pocatello	Bannock County	50-bed nursing home	6,000	373,000
Shelley	City	Street improvements	7,528	388,136
Do	do	Sewage treatment plant	4,250	200,000
Subtotal			28,278	1,847,136
ILLINOIS (16)				
Ava	City	Sanitary sewer system	2,400	160,000
Argenta	do	do	1,500	253,000
Charleston	do	Water treatment plant	23,600	485,000
Chicago	do	Civic center	1,500,000	67,000,000
Galva	do	Sewer system extension	6,750	325,000
Gurnee	Town	Sanitary sewer system	8,400	423,500
Kewanee	City	do	24,000	3,200,000
Lake-in-the-Hills	Village	do	3,330	457,700
Lakemoor	City	Water distribution	1,609	200,650
Lakewood	do	do	1,487	99,350
Livingston	Village	Sewers, treatment facilities	4,000	293,900
Lovington	do	Sanitary sewer system	3,600	400,000
Minier	Town	do	1,100	315,000
Oakhill	City	do	1,500	199,000
Waukegan	Lake County	County administration building.	60,000	6,615,000
Woodhull	Village	Sanitary sewer system	4,420	205,850
Subtotal			1,647,666	80,632,250
INDIANA (2)				
Michigan City	City	Storm sanitary sewer	52,500	2,340,000
Terre Haute	do	Sewer system improvements	25,000	2,826,000
Subtotal			77,500	5,166,000
IOWA (2)				
Clinton	Bridge commission	Bridge	46,000	5,196,000
Evansdale	City	Sanitary sewers	30,000	1,674,000
Subtotal			76,000	6,870,000
KANSAS (33)				
Burden	City	Sanitary sewer system	1,050	120,750
Carbondale	do	do	1,150	126,165
Concordia	do	Street improvements	5,725	107,850
Copeland	do	Sanitary sewer system	1,100	102,600
Courtland	do	do	500	102,000
Dighton	do	Sewer and water facilities	2,450	239,300
Hutchinson	do	Water system improvements.	19,750	3,018,016
Ingalls	do	Sewer facilities	940	65,000
Lebanon	Town	Sanitary sewer system	600	125,860
Linn	do	do	2,900	87,000
Longford	do	Sewer facilities	600	58,500
Lorraine	City	do	600	46,690
Manhattan	do	Water system extension	5,000	830,000
Meade	Town	Storm sewers	1,000	231,100
Milford	do	Sanitary sewer system	1,150	213,150
Do	do	Water facilities	1,000	139,380
Do	do	Street improvements	1,000	202,800

CFA advances for public works planning, Jan. 1 to Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
KANSAS—Con.				
Mullinville	Town	Drainage, street improvements.	$900	$65,000
Norton	City	Water system improvements.	5,550	304,850
Overland Park	do	Storm sewers	30,000	5,765,000
Pittsburg	do	do	12,950	2,812,950
Riley	Town	Sewer facilities	1,100	150,000
Sabetha	City	Recreation facilities	2,275	113,515
Tescott	Town	Sanitary sewer system	850	81,000
Wakeeney	City	Sewerage facilities	1,300	151,500
Wakefield	Town	Water system	1,500	222,000
Do	do	Sewer facilities	1,575	241,600
Do	do	Street improvements	1,500	226,000
Wichita	City	Civic auditorium	95,000	12,600,000
Do	do	Administration office building.	25,000	3,000,000
Do	do	Public library	20,000	2,400,000
Winfield	do	Hospital addition	31,625	2,400,000
Winona	Town	Storm drainage	2,000	100,572
Subtotal			279,640	36,450,148
KENTUCKY (3)				
Clinton	City	Sanitary sewer system	2,450	141,920
Monticello	do	Sewer system improvements	2,500	509,000
Mount Vernon	do	Sanitary sewer system	2,100	355,000
Subtotal			7,050	1,005,920
LOUISIANA (38)				
Abbeville	Harbor and terminal district.	Harbor facilities	15,697	1,119,000
Do	City	Drainage	3,500	350,000
Baker	Town	Sewer facilities	9,870	800,000
Chalmette	St. Bernard Parish	Sanitary sewer system	29,970	1,570,000
Do	do	Sewage treatment facilities	21,000	1,069,000
Church Point	Town	Water treatment facility	3,600	244,173
Delcambre	do	Sewers, treatment plant	6,846	400,000
Do	do	Streets, drainage improvements.	5,138	295,000
Dubach	do	Sewer facilities	6,000	243,000
DeRidder	City	Street improvements	18,452	1,107,138
Edgard	St. John the Baptist Parish.	Sewer facilities	73,675	4,089,600
Golden Meadow	City	Community park	1,800	138,000
Grand Isle	Town	Water, gas lines	10,000	1,195,000
Gretna	Jefferson Parish	Incinerator	77,923	1,720,503
Hahnville	St. Charles Parish	Sewer facilities	36,360	2,338,000
Leesville	Town	do	7,000	400,000
Mamau	do	Water system	1,555	129,000
Do	do	Sewer system addition	403	26,000
Do	do	Two swimming pools	1,522	103,090
Melville	do	Sanitary sewer system	5,000	299,640
Morganza	do	do	3,220	183,000
Morse	Village	Water facilities	2,000	120,000
New Orleans	City	Police building jail	101,500	8,400,000
Do	do	Cultural center	190,000	18,150,000
Do	Sewer and water board	Drainage project	212,000	11,450,000
Do	do	Treatment plant addition	140,000	14,525,520
Do	do	do	60,000	4,398,800
North Hodge	Town	Sewer facilities	2,000	128,900
Opelousas	City	do	15,000	731,110
Plaucheville	Village	Water facilities	1,800	200,000
Ridgecrest	Town	Sewer facilities	2,000	180,000
Roseland	Village	Sanitary sewer system	4,388	200,000
St. Charles	Parish	Drainage	52,100	2,978,200
Slidell	Town	Town hall addition	2,800	109,300
Do	do	Court and jail buildings	1,950	106,000
Vidalia	do	Sewerage facilities	8,200	875,000
East Baton Rouge	Port commission	Cargo docks, transit sheds, roads, railroad.	77,000	8,239,650
Zachery	Town	Sewer facilities	2,855	170,000
Subtotal			1,203,134	88,625,408

CFA advances for public works planning, Jan. 1 to Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
MAINE (8)				
Calais	Town	Sewers, treatment plant	$9,500	$600,000
Gardiner	do	do	6,500	1,022,000
Mars Hill	Mars Hill Utility District.	do	3,100	258,000
Rumford	Town	Treatment plant	9,000	1,245,000
Wells	Ogunquit Village	do	8,500	925,000
Wicasset	Town	Sanitary sewer system	2,700	460,000
Wilton	do	Sewers, treatment plant	39,650	940,000
York County	York Sewer District	Treatment plant	8,000	542,000
Subtotal			86,950	5,992,000
MARYLAND (3)				
Annapolis	City	Storm drainage system	39,000	3,154,000
Anne Arundel	County	do	18,000	1,327,675
Trappe	Town	Sanitary sewer system	7,800	185,000
Subtotal			64,800	4,666,675
MASSACHUSETTS (12)				
Adams	Town	Sewage treatment facility	45,000	3,035,000
Fitchburg	City	Water system facility	7,035	389,695
Gardner	Town	Water facilities	29,900	658,200
Hadley	do	Sanitary sewer system	1,850	112,750
Haverhill	City	2,400-pupil high school	46,500	4,377,000
Lynn	do	Incinerator	34,825	1,693,575
Milford	Town	Public library addition	3,000	217,400
Sharon	do	High school addition	36,000	744,000
Stoughton	do	Sanitary sewer lines	21,300	2,233,800
Do	do	Storm drains	13,760	1,341,700
Waltham	City	Civic center	105,000	2,250,000
Yarmouth	Town	Sanitary sewers	15,000	1,750,000
Subtotal			359,170	18,803,120
MICHIGAN (9)				
Grand Rapids	City	Ryerson Library addition	52,000	3,106,080
Howell	do	Water facilities	2,500	49,000
Do	do	Sanitary sewer system	7,500	213,200
Macomb County	Intracounty	Storm drainage	12,819	618,250
Do	Drainage board	Diversion drainage project	15,484	689,000
Nashville	Village	Sanitary sewer extensions	2,600	275,875
Oakland County	County	Sewage disposal system	65,000	2,336,000
Rockford	City	Water system improvments.	15,000	319,000
Wayne County	Central sanitation, authority	Incinerator	100,000	2,677,700
Subtotal			272,867	10,284,105
MINNESOTA (4)				
Chisholm	City	Water system improvments.	30,109	1,461,712
Crystal	do	do	18,500	2,333,750
Mound	Village	Sewers, treatment plant	15,187	1,324,000
Do	do	Water system improvments.	3,563	311,000
Subtotal			67,359	5,430,462
MISSISSIPPI (9)				
Beaumont	City	Complete water system	1,350	135,820
Charleston	do	Sewer system extension	9,813	247,445
Forrest County	East Forrest utilities	Water and sewer improvements.	6,000	1,337,000
Gulfport	City	Sewer and water facilities	28,050	1,720,000
Do	do	Storm drainage	34,688	2,000,000
Nettleton	Town	Water and sewer facilities	3,600	390,000
Tishomingo	City			
Do	do	Sanitary sewer system	1,000	116,000
Tupelo	do	Water supply system addition.	6,180	965,000
Do	do	Sewer system improvements.	12,000	1,490,000
Subtotal			105,861	8,401,265

CFA advances for public works planning, Jan. 1 to Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
MISSOURI (6)				
Columbia	University of Missouri	Science building	$70,800	$3,060,000
Do	do	Dormitory	41,000	3,197,500
Huntsville	City	Sanitary sewer system	2,400	222,100
La Belle	Town	do	2,787	195,000
Ste. Genevieve	County	Courthouse and jail	11,500	580,902
Springfield	do	Storm sewers	38,000	17,300,000
Subtotal			166,487	24,555,502
MONTANA (20)				
Belt	City	Sanitary sewer system	7,150	221,122
Bigfork	High school district	High school	2,329	174,000
Billings	City	Storm drainage system	16,700	2,885,250
Bozeman	do	City hall	10,400	799,100
Chester	do	Water system improvements.	7,727	318,349
Geyser	School district No. 58	School addition	2,315	175,000
Great Falls	School district No. 1	Senior high school	24,908	2,560,694
Do	City	Municipal service building	4,994	453,970
Hamilton	do	Trunk storm drains	4,000	240,000
Do	Ravalli County School District No. 3.	School additions	3,707	293,535
Harlem	City	Street improvements	9,934	393,379
Havre	do	City hall	5,888	500,000
Inverness	Hill County School District No. 28.	School additions	1,728	121,752
Lewistown	City	Treatment plant	7,500	452,000
Missoula	Montana State Board of Education.	Residence hall	37,781	1,000,000
Polson	Lake County School District No. 23.	Elementary school	4,000	261,000
Ronan	City	Sewer system improvements.	1,750	163,000
Saco	Town	Sanitary sewer system	1,000	62,000
Shelby	City	Water system addition	10,730	418,814
Simms	School district No. 39-F	High school addition	4,825	380,000
Subtotal			169,366	11,872,965
NEW HAMPSHIRE (13)				
Ashland	Town	Sanitary sewer system	12,000	517,000
Charlestown	do	do	5,000	150,000
Conway	Village fire department	Sewage treatment facility	1,000	693,300
Dover	City	Sewers, treatment plant	10,000	410,000
Exeter	Town	Water system	4,000	310,000
Do	do	Sanitary sewer system	14,500	1,691,000
Hampton Beach	State forestry and recreation commission.	Recreation areas	12,611	267,632
Hanover	Town	Sanitary sewer system	14,400	134,000
Lancaster	do	do	30,000	656,000
Manchester	City	Sewers, treatment plant	45,000	12,500,000
Nashua	do	do	7,500	1,200,000
Rochester	do	Sewer system addition	20,000	2,425,000
Salem	Town	Sanitary sewer system	45 000	898,000
Subtotal			221,011	21,851,662
NEW JERSEY (13)				
Butler Terrace	Borough	Sanitary sewer extension	6,200	372,000
Dover Township	Sewerage authority	Sewers, treatment facility	71,000	3,165,000
Ocean County				
Jersey City	Hudson County	Adm nistration building	71,250	3,448,500
Netcong	Borough	Sanitary sewer system	22,800	1,300,000
Newark	Passaic Valley Sewerage Commission	Pumping stations	126,200	2,900,000
New Brunswick	Borough	Water facilities	63,000	1,460,000
Oakland	do	Sanitary sewer facility	34,700	2,500,000
Pleasantville	City	Sewer extension	9,250	667,000
Pompton Lakes	Borough	Sewer facilities	28,250	1,725,000
Secaucus	Hudson County	500-bed welfare home; 200-bed geriatric hospital.	150,000	10,800,000
South Hackensack	Township	Elementary school	11,075	189,763
Trenton	City	Storm drainage	37,750	2,576,000
Do	do	Incinerator and garage	26,750	1,600,000
Subtotal			658,225	32,703,263

CFA advances for public works planning, Jan. 1 to Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
NEW MEXICO (1)				
Central	Village	Sewers	$1,000	$205,150
NEW YORK (24)				
Central Square	Village	Sewer system	5,500	692,500
Cold Spring	do	Sewer, treatment plant	14,718	696,180
Colonie	do	do	22,000	2,227,380
Elma	Town	Water facilities	109,000	796,000
Erie County	County	Sewer facilities	19,000	1,560,000
Erwin	Town	Sewer treatment plant	15,800	839,500
Gloversville	City	Sewer system improvements	24,436	2,194,525
Hamburg	Town	Storm drainage system	31,750	1,766,750
Do	do	Sewers, treatment plant	28,600	1,803,700
Hillburn	do	Sewer system	11,700	519,900
Jamestown	City	City hall and parking	30,000	2,863,500
Livingston Manor	Town of Rockland	Sewers, treatment plant	3,238	330,000
New Rochelle	City	Storm drainage	33,000	924,500
Do	do	Incinerator	25,000	500,000
Niskayuna	Town	Sewers, treatment plant	53,600	1,640,850
Norfolk	City	Water system addition	6,000	257,300
Plattsburgh	Town	Water system	30,500	435,000
Poughkeepsie	do	Sewer system improvement	17,800	1,526,000
Do	do	Water system	222,700	6,985,000
Ravenna	Village	Storm drainage	24,110	530,000
Rockland County		Sewer extension	70,000	12,000,000
Sloatsburg	Village	Sewers, treatment plant	9,400	778,000
Sullivan County		Mongoup River bridge	17,000	400,000
Troy	City	Water facilities	272,400	7,510,000
Subtotal			1,097,252	49,776,585
NORTH CAROLINA (7)				
Bessemer City	Town	Sewer and water	4,000	298,000
Boiling Springs	Cleveland County Board of Education.	High school	31,975	952,600
Brogden Township	Wayne County Board of Education.	Consolidated school	40,500	1,190,000
Lawnsdale	Cleveland County Board of Education.	High school	36,625	1,051,500
Marshall	Town	Sewer system	2,000	160,000
Norlina	do	do	1,700	211,050
Sylva	do	do	6,000	373,000
Subtotal			122,800	4,236,150
OHIO (9)				
Aberdeen	Village	Sewer system	3,710	280,000
Bridgeport	Belmont County sewer	Sewers, treatment facilities	127,000	5,180,000
Colerain	Loval School District	Senior high school	37,020	2,750,000
Delphos	Town	Sanitary, storm sewer	11,000	885,000
Martins Ferry	City	Highway relocation	260,000	6,000,000
Mount Pleasant	Village	Water treatment	3,750	90,000
Salem	City	Railroad overpass	45,000	1,300,000
Tiffin	do	Sanitary, storm sewer	29,500	1,090,930
Trumbull County	County commissioners	Water distribution	20,000	403,000
Subtotal			536,980	17,978,930
OKLAHOMA (2)				
Eufaula	Oklahoma Redevelopment Authority.	2 recreation centers	106,000	7,668,700
Wilburton	Town	Water system	4,119	314,644
Subtotal			110,119	7,983,344
OREGON (22)				
Beaverton	School district No. 48	Junior high school	16,250	1,183,000
Brownville	City	Sewer system	6,000	258,000
Cave Junction	do	do	1,200	80,735
Cottage Grove	School district No. 45J3 for Lane and Douglas Counties.	Junior high school	41,460	1,171,280
Eugene	Lane County School District No. 52.	do	29,000	732,000

CFA advances for public works planning, Jan. 1 to Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
OREGON—Con.				
Gladstone	Union High School District No. 5.	High school	$25,591	$2,418,000
Grants Pass	Town	Swimming pool	1,450	130,000
Halsey	do	Sewer system	1,950	86,880
Manhattan Beach	Sanitary district	do	3,500	145,000
Marion County	County	County-city administration building.	30,000	2,173,000
Multnomah County	do	Trunk sewers	26,600	287,850
Newport	City	Sanitary sewer system	3,500	344,000
Do	do	Water system extension	4,000	241,250
Oregon City	Clairmont Water District.	Water system	25,500	674,000
Portland	Portland State College	Library addition	8,000	1,050,000
Do	University of Oregon	Medical school library	2,120	235,000
Do	do	Womens dorm	6,860	865,000
Silverton	City	Sewer system improvements	12,632	254,500
Springfield	School district No. 19	Elementary school	15,000	500,000
Warrenton	Clatsop County School District No. 30.	High school addition	3,500	250,000
Woodburn	Marin County School District No. 30.	Junior high and elementary school.	9,750	689,000
Yamhill	City	Sanitary sewer	1,100	125,000
Subtotal			274,963	13,895,495
PENNSYLVANIA (30)				
Brookhaven	Penn-Delco Union District.	High school	21,115	1,750,000
Butler	Butler County	County home addition	13,000	584,200
Etters	Red Land School District.	14-classroom elementary school.	5,750	551,000
Fairfield	Joint school system	School	16,718	475,390
Fawn Grove	Borough	Elementary school	13,500	436,000
Franklin	Area school district	1,400-pupil high school	118,365	3,077,320
Jacobus	Borough	Water system improvements	5,300	89,500
Johnstown	Stonycreek Township Authority.	Sanitary sewer system	29,186	790,000
Latrobe	Borough	do	58,000	3,044,435
Leesport	do	do	17,120	740,000
Lititz	do	Swimming pool	5,635	125,000
Liverpool	do	Water and sewer facility	6,386	540,000
Lorain	Town	Sanitary sewer system	10,605	245,000
Mahoney Township	Montour County School District.	School additions	12,636	337,304
McKeesport	City	2 railroad bridges	120,000	8,000,000
Mount Holly Springs.	Borough	Sewers, treatment plant	7,182	620,000
Nanty-Glo	Sewer authority	Sanitary sewer improvements.	18,497	748,000
New Oxford	Borough	Storm sewer	5,700	90,000
Oxford	Joint school district	School	54,000	1,457,530
Parker	City	Sanitary sewer system	15,878	440,000
Pittsburgh	do	Zoo building	32,000	1,800,000
Scranton	do	Highway bridge	16,000	304,000
Southampton	Township	Sanitary sewer system	114,500	3,700,000
South Williamsport	School authority	Junior-senior high school	90,000	12,552,300
Tamaqua	Borough	Sewers, treatment facility	15,000	1,820,000
Temple	do	Sanitary sewer system	6,250	609,576
Topton	do	do	26,600	170,000
West Manchester	York area joint school	Junior high school	59,000	1,492,000
Whitehall Township.	Township	Sanitary sewer system	49,000	3,800,000
Woodland	Woodland-Biggs Authority.	Water system	5,792	312,000
Subtotal			968,715	50,700,255
RHODE ISLAND (1)				
East Greenwich	Town	Water system	9,600	1,156,000
SOUTH CAROLINA (4)				
Aiken	City	Storm sewers	15,000	1,000,000
Do	do	Sanitary sewer extension	15,000	1,500,000
Columbia (near)	Jackson-Gills Creek	Sanitary, storm sewer	83,960	3,085,000
Ninety Six	Public service district Town	Sewer extensions	5,500	317,609
Subtotal			119,460	5,902,609

CFA advances for public works planning, Jan. 1 to Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
TENNESSEE (3)				
Jellico	City	Street improvements	$2,000	$78,923
Morristown	Town	Sewer facilities	9,000	677,600
White Pine	do	Sewer extensions	4,000	256,859
Subtotal			15,000	1,013,382
TEXAS (20)				
Eden	City	Street improvements	1,400	180,000
Frisco	Town	Sewer facilities	1,200	60,000
Godley	do	do	2,000	75,000
Mineral Wells	City	Water system extension	8,900	2,000,000
Newark	Town	Sanitary sewer system	1,000	80,000
Palmer	do	Sewer facilities	1,000	50,000
Port Arthur	City	Drainage	28,600	2,500,000
Do	do	Sanitary sewers	5,700	500,000
Do	do	Water system improvements.	5,700	500,000
Do	do	Drawbridge repairs	5,000	400,000
Port Mansfield	Willacy County Navigation District.	Water system	18,000	567,000
Raymondsville	City	Water facilities	4,200	570,600
Do	do	Sewer facilities	2,700	335,400
Sabine and Sabine Pass.	Jefferson County fresh water supply.	Complete sewer system	4,000	304,600
Sabine River Authority.		Dam and reservoir for supply, hydroelectric development and improvement of navigation and recreation areas in Texas and Lousiana.	750,000	60,000,000
Sansom Park	Village	Street improvements	1,200	1,290,000
Universal City	City	Water and sewer facilities	9,000	906,000
Victoria	do	Street improvements	39,600	2,471,000
Do	do	Storm drainage system	19,250	1,866,400
Windom	Town	Sanitary sewer system	870	52,200
Subtotal			909,320	74,708,200
UTAH (11)				
Beaver	Beaver County	10-bed hospital	4,500	259,500
Layton City	City	Storm sewer system	7,454	240,554
Moab City	do	Sewer system improvements	3,195	242,300
Do	do	Water supply additions	5,916	446,364
Ogden	do	Storm sewer system	25,200	1,500,000
Provo	do	Sports arena, pool	45,900	975,900
Do	do	Golf course improvements	11,900	250,000
Roy	do	Storm sewers	20,420	610,000
Salt Lake City	Chesterfield Improvement District.	Sanitary sewer system	3,500	280,000
Sunset City	City	Storm sewers	9,540	298,650
Wasatch and Carbon Counties.	Improvement district	Dam on White River to provide supplemental water for Price, Helker Wellington, and Castle Gate communities.	12,900	514,000
Subtotal			150,445	5,617,268
VERMONT (11)				
Brattleboro	Town	Sewage facilities	11,500	1,073,000
Bethel	do	Sewers, treatment plant	3,500	350,000
Colchester	Fire district No. 1	Sanitary sewer system	3,200	173,000
Montpelier	City	Sanitary treatment	76,830	1,495,000
Plainfield	Village	Sanitary sewer system	12,750	216,000
Poultney	do	Sewer system extension	7,975	299,825
Do	do	Water facilities	4,520	219,295
Stowe	do	Sanitary sewer system	10,000	203,200
University of Vermont.	do	Medical college building	30,000	6,543,000
Wilmington	Town	Sanitary sewer system	4,200	260,000
Woodstock	do	Sewer extension	3,500	550,000
Subtotal			170,975	11,382,320

CFA advances for public works planning, Jan. 1 to Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
VIRGINIA (7)				
Alexandria	School board	High school	$43,000	$3,525,500
Do	do	High school addition	7,700	190,700
Newport News	Peninsula Airport	Airport improvements	24,000	1,765,300
Norfolk County	Authority	Sanitary sewer system	10,000	1,700,000
Do	do	do	14,400	2,264,400
Shenandoah	Town	do	2,500	427,250
Stephens City	do	do	12,500	165,000
Subtotal			114,100	10,038,150
WASHINGTON (29)				
Bellingham	West Washington College of Education.	Classroom building	12,819	618,250
Do	do	Dormitory	15,448	689,000
Birch Bay	Whatcom County Water	Water facilities	9,995	628,420
Blaine	City	Water system improvements.	1,500	64,500
Do	do	Sewer system	3,500	313,700
Davenport	Lincoln County Hospital District.	General hospital	24,100	845,000
Ellensburg	Kittitas County	do	22,000	1,383,000
Everett	School district No. 2	High school improvements	18,000	882,000
Goldendale	City	Water system extension	3,500	113,500
Do	do	Sanitary sewer system	3,500	202,000
Kennewick Berlin County	Washington public power supply sustem.	Hydroelectric dam	285,000	8,837,000
Metaline Falls	Public utility district	Hydroelectric facilities	143,000	4,885,000
Mount Vernon	Skagit County Utility District.	Water system	25,000	935,000
Mukilteo	Town	do	12,305	283,500
Normandy Park	do	Sanitary sewer system	8,000	963,000
Lynwood	City	do	100,000	1,700,000
Odessa	Lincoln County Hospital District.	Hospital, nurses home	6,100	339,474
Okanogan County	Hospital district No. 3	General hospital	17,500	795,000
Olympia	State government	Archives building	23,361	571,000
Seattle	Metropolitan	Sewage treatment	452,000	17,262,000
Do	do	Interceptor, outfall	257,000	4,867,000
Spokane	City	Airport facilities	120,000	4,400,000
Do	do	Municipal buildings	216,000	9,159,000
Sumner	Pierce County drainage	Storm drainage	12,660	232,600
Tacoma	City	Highway bridge	25,000	3,000,000
Do	do	Storage building	25,000	1,000,000
Usk	Pend Oreille County	Highway bridge	25,000	890,000
Washougal	Town	Sanitary sewer system	9,500	800,000
Waterville	Douglas County	Highway improvements	10,500	1,000,000
Subtotal			1,887,281	67,658,944
WEST VIRGINIA (9)				
Craigsville	Public Service District	Water facilities	22,637	532,000
Fairmont	Marion County Board of Education.	Elementary school	19,575	540,900
Follansbee	Public Service District	Water system	16,480	341,470
Harrisville	Town	Sanitary sewer system	3,000	189,300
Martinsburg	City	Water facilities	15,000	360,000
Montgomery	do	Sewer improvements	9,000	660,000
Quiet Dell	Town	Water system extension	2,125	107,000
Wierton	City	Water treatment	41,000	1,250,000
Do	do	Waterline extension	44,000	1,250,000
Subtotal			172,817	5,230,670
WYOMING (3)				
Jackson	Town	Street improvements	5,600	240,000
Do	do	Water storage	4,000	226,000
Natrona County	Brooks Water and Sewer District.	Sanitary sewer system	5,500	375,000
Subtotal			15,100	841,000
Total (531 projects)			17,649,219	1,044,598,582

Mr. CONWAY. We in the Housing Agency have the resources and experience necessary to perform effectively the functions which would be assigned to it by the bill.

Over the years, units of the Housing Agency have administered a number of Federal financial assistance programs for the construction of State and local public works, including (1) over 4,000 Lanham Act projects during World War II involving about $360 million in loans, grants, and direct Federal construction, and (2) over 100 defense community facilities projects under Public Law 139 involving about $20 million in loans and grants during the Korean war.

Presently, our Community Facilities Administration administers the following:

(1) The public facility loan program which has a borrowing authority of $650 million;

(2) The college housing loan program with a present borrowing authority of almost $2 billion; and

(3) The senior citizens housing loan program with an authorization of $125 million.

The Agency also supervises (on behalf of the Department of Health, Education, and Welfare) certain aspects of the impacted area school construction program under Public Law 815 involving almost 5,000 schools and approximately $1 billion in Federal funds, and handles (on behalf of the Area Redevelopment Administration) applications for loan and grant assistance for public facilities under the Area Redevelopment Act, a program which is just getting underway.

The administration of these programs has given the Housing Agency broad experience with the various types of facilities that would be constructed with funds made available by the proposed legislation. The Agency also has become familiar with the mechanics of making and supervising the types of loans and grants contemplated.

Let me assure the committee that if the Housing Agency is given the responsibilities contemplated by the proposed legislation, they will be administered with efficiency and economy.

Mr. Chairman, this concludes my prepared statement.

Mr. FALLON. Thank you, Mr. Conway.

Any questions on my right?

Mr. DAVIS. Mr. Chairman?

Mr. FALLON. Mr. Davis.

Mr. DAVIS. This is a fine statement, Mr. Chairman. This is of very great interest, really.

Mr. BLATNIK. Mr. Chairman?

Mr. FALLON. Mr. Blatnik.

Mr. BLATNIK. Mr. Chairman, I want to commend Mr. Conway for a very excellent summary of a far-sweeping program, reaching right down to the grassroots level.

In your programs, Mr. Conway, you deal mostly with loans. What difficulties or what has been your experience in running into communities that may have difficulty, because of legislation such as we have in our State of Minnesota or for other reasons, in borrowing money or raising enough for repayments?

What would be the advantage of granting funds to supplement and bolster up the loan aspects of the program?

Mr. CONWAY. Well, Mr. Congressman, you are correct. Our public facility loan program, as it now stands authorizes no grants; it is a straight loan program.

During the past year, since the passage of the Area Redevelopment Act, and with the close cooperation between our Community Facilities Administration and the Area Redevelopment Administration, we have accumulated considerable experience in handling combinations of loans and grants in connection with the operation of that program.

I would like to ask our Community Facilities Administration Commissioner, Mr. Woolner, to direct his attention to that specific question of the capacities of these communities to finance.

Mr. WOOLNER. Well, an analysis of the request that we have had, Congressman, indicates that some 75 percent of the financing done through the public facilities section is done in terms of revenue bonds rather than general obligation bonds, so that the projects themselves are providing revenue for the projects.

In addition to that, the Agency itself has had considerable experience over the past 30 years, from the time of the Public Works Administration through the Lanham Act and various other Federal acts which have provided grants, to observe this problem.

Mr. BALDWIN. Mr. Chairman?

Mr. FALLON. Mr. Baldwin.

Mr. BALDWIN. Mr. Conway, I would like to ask this question: You mentioned that you are responsible for administering the applications for loans and grants under the Area Redevelopment Administration, which is the program which was authorized by Congress last year.

It was frequently referred to as the "depressed areas bill."

Would you be able to tell us what portion of the loans and grants that were authorized under that bill have actually now been committed by your Agency?

Mr. CONWAY. Congressman, our Agency provides for the Area Redevelopment Administration the technical services and skills out in the field, the field staff.

The basic responsibility is the Area Redevelopment Administration's responsibility. We provide service for them, but I think our Commissioner, Mr. Woolner, could answer this question for you.

Mr. BALDWIN. I would appreciate having an answer to that if you have it.

Mr. WOOLNER. Congressman, I would have to submit, for the record, later, the exact number. I do not have it in front of me.

My recollection is that as of about 2 weeks ago we had some 46 projects referred to us.

Mr. BALDWIN. But, when you say "referred" to you, what I would like to find out is how many specific projects or how much specific funds have been approved for loans and grants as of the present time under this Area Redevelopment Administration program, because this was submitted to Congress last year with very large-scale publicity, as a means for solving this unemployment problem.

And I would like to know, and I think we should know before we consider going further, What has happened to this program?

Mr. WOOLNER. Of the 46-odd projects that have been referred to us by the Area Redevelopment Administration I think approximately

half of these are actually in our hands in the forms of complete applications from the communities.

One of the factors in developing both the loan and grant sections is that there is detail required from the local community by way of its tax resources and other specific information.

Many of these communities are small. They lack technical skills on their own staffs. So it is necessary for us, and for the Area Redevelopment Administration, to provide considerable assistance by way of developing the information that is needed.

Mr. BALDWIN. Well, can you provide for us, if you do not have it available right now, the actual specific dollar amount that has now been approved for loans and grants?

Mr. WOOLNER. We can provide for you the dollar amount that we have recommended to the Area Redevelopment Administration.

Mr. BLATNIK. At this point, and I say this as it might help you, Mr. Batt, of the Area Redevelopment Administration, would have the exact projects that were approved.

Mr. BALDWIN. Well, I would like to get this in the record somewhere during the hearings.

Mr. WOOLNER. Yes; we will provide you with the recommendations. They can provide you with the final determinations that have been made.

(The information referred to follows:)

Recommendations to Area Redevelopment Administration

State	Applicant	Types of facilities	Date recommended to ARA	Amount recommended		
				Loan	Grant	Total
Arkansas	Water Improvement District No. 1, Gassville.	Water	July 10, 1961	$31,000	$129,000	$160,000
Florida	Apalachicola	Water and sewer	Jan. 8, 1962	28,000		28,000
Georgia	Cedartown	Water	Nov. 30, 1961	260,000		260,000
	Warrenton	do	Jan. 10, 1962		110,858	110,858
Maryland	City of Cambridge	Sewer	Aug. 15, 1961	68,000	204,000	271,000
Pennsylvania	Community Development Corp. of Butler County.	Road, gas, and water.	Mar. 29, 1962	23,000	23,000	46,000
	Hazleton City Authority	Water	Mar. 23, 1962	200,000	125,000	325,000
South Carolina	Town of Jefferson	do	Feb. 5, 1962	50,000	138,000	188,000
	Town of Pageland	Water and sewer	Mar. 1, 1962	41,000	111,000	152,000
Tennessee	Johnson County	do	Oct. 20, 1961	60,000	46,300	106,300

Mr. BALDWIN. I have one other question for Mr. Conway. You have mentioned also on page 7 of your statement that you have responsibility for providing or supervising certain aspects of the impacted areas school construction program under Public Law 815.

I would like to point out that the President last year, and again this year, recommended that a smaller amount be appropriated under Public Law 815 and Public Law 874, which involve school help to impacted areas, than the amount required under the existing authorizations passed by the Congress. And an appropriation bill is coming before the House this afternoon to provide for above $50 million additional for Public Law 874 funds and a smaller amount for Public Law 815 funds, that the House Appropriations Committee has added to the budget, in order to actually meet the law that has been in effect a number of years despite the administration's efforts to cut it down.

Now, as I understand this bill, if we passed the bill in the form submitted to us, the President could take these additional funds that Congress appropriates this afternoon, the $50 million for Public Law 874, and a smaller sum for Public Law 815, and completely divert it to another program, any program that he wants to. Is that not correct?

Mr. CONWAY. First, let me say, Congressman, that our Agency does not get involved in the discussion matter of the aid-to-impacted-schools bills.

Mr. BALDWIN. Your statement mentions it, so it opens it up for discussion.

Mr. CONWAY. Yes. We provide a service to HEW in the sense that we provide, again, the technical staff, field staff, site inspections, and supervision and the like. Now, under the bill, the grant and loan provisions of the bill, there is certain discretion allowed to the President to make basic decisions as to where the most effective use could be made of the money in order to minimize unemployment.

Our Agency would administer the grant-loan program. With respect to the grant-loan field we have under us, we would only be able to administer the loan applications with respect to the grant programs handled by other agencies under the law, in keeping with the features of that particular law.

Mr. BALDWIN. But you do not dispute the statement, do you, that if he wants to do so, if this bill before us was approved by this Congress and enacted into law, if he wants to do so he could take the additional $50 million that is going to be appropriated by Congress in Public Law 874, which he did not ask for, and the smaller amount appropriated for Public Law 815, and before it is actually obligated, commit it to some other program immediately if this bill has gone into effect?

Mr. CONWAY. I think I would have to defer an answer on that specifically, and I will be prepared to submit a statement for the record.

(The statement referred to follows:)

HOUSING AND HOME FINANCE AGENCY

The administration proposal authorizes the President during a capital improvement acceleration period, in order to expedite financing activities authorized by the proposal, to transfer unobligated balances of appropriations, contract authorizations, revolving funds, and other authorizations to expend from public or corporate debt receipts available to the departments and agencies of the executive branch. Such transferred balances are authorized to be restored.

Mr. BALDWIN. I would appreciate it.

Mr. HARVEY. Will the gentleman yield?

Mr. BALDWIN. Yes; I yield.

Hr. HARVEY. I wonder if you would explain this.

On page 2 of your statement here you refer to section 13 of the bill of capital improvements, and you list at that point libraries, firehouses, public streets, sidewalks, and other public facilities.

Am I right, in reading the bill, that that would also include schools?

Is there any reason under the public educational facilities, as they are spelled out in the bill, that it would not include schools?

Mr. CONWAY. The law does contain references to educational facilities, and this could conceivably be in the area of higher education,

particularly in the section where we are directly involved, college housing or related facilities.

Conceivably, it could extend to our educational facilities.

Mr. HARVEY. Well, it could go right down the line to elementary, intermediate, high schools, or public educational facilities.

It spells out educational facilities, but it would include schools. There is no question in your mind about that, is there?

Mr. CONWAY. It includes public schools.

Mr. HARVEY. And when we speak of "capital improvements" we are speaking of such schools?

Mr. CONWAY. They are covered.

Mr. SCHERER. There are nonprofitable organizations there, too.

Mr. CONWAY. In our programs, Congressman, we would not administer grants to nonprofit organizations.

Mr. SCHERER. But the bill says that.

Mr. CONWAY. The bill includes nonprofit organizations because groups of this kind are eligible under existing grant programs, specifically, Hill-Burton hospitals.

Certain nonprofit organizations conceivably could be eligible under other existing grant programs but the inclusion of nonprofit organizations is intended to cover only nonprofit organizations presently eligible under existing grant programs.

Mr. SCHERER. But the law does not limit it that way. It says "nonprofit organizations," any nonprofit organization.

Mr. CONWAY. It is only when there is a grant in question under the existing law.

Mr. BALDWIN. Will the gentleman yield?

Mr. SCHERER. Yes.

Mr. BALDWIN. Mr. Conway, as far as section 6 is concerned, which is grants for capital improvement projects not eligible under existing programs, it is true, is it not, where it says the Housing and Home Finance Agency is authorized to make grants to States and communities, it is true that you could provide funds up to 50 percent in grants and then up to 50 percent in loans for any local school district, public school, to build any school in any State up to a full 100 percent—50 percent in grants and 50 percent in loans?

Is this not true?

Mr. CONWAY. We have broad legislative authority under our community facilities program now, Congressman, but, as a matter of administrative decisions that have been in effect over the years, we have not gotten involved in any school construction activities other than the supervision of the impacted areas schools under a specific program.

Mr. BALDWIN. Well, you are stating what you have done up to now.

I am asking you a question as to what this bill authorizes you to do. Is this not true?

Mr. CONWAY. It would be the same authorization that presently exists. We could do it, but we have not done it under our present authorization.

Mr. BALDWIN. Well you are saying administrative regulations continue in effect and you would not do it, but the bill would give you full authority to do it if you change your own regulations?

Mr. CONWAY. You are technically correct, sir.

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Mr. BALDWIN. And that is without any further action on the part of the Congress?

Mr. CONWAY. You are technically correct.

Mr. SCHERER. He is legally correct also.

Mr. HARVEY. Mr. Chairman?

Mr. FALLON. Mr. Harvey.

Mr. HARVEY. Mr. Conway, you submitted your list of projects which you claim, as I understand it, are in the planning stage and ready to go.

Is that correct?

Mr. CONWAY. These are a list of the planning advances that were specifically authorized under our 702 program during 1961, and it is assumed that they have progressed to the point where they are prepared to go.

Mr. HARVEY. In connection with this program or this bill, that we are talking about today, you are not telling us that these are 12-month projects, are you?

Mr. CONWAY. No. No. This is a list of the total planning advances made under the 702 section of our act.

Some of them may be longer than 12 months. Some of them may be shorter, considerably shorter, and so on.

But you can tell from the magnitude of the projects and the nature of them how long it will take.

Our Commissioner can probably answer more specifically on that.

Mr. HARVEY. Well, a $2,600,000 project for an incinerator for example, would not be what you would call a 12-month project, would it?

Mr. WOOLNER. It would not normally, Congressman, unless it were possible to develop a segment of that, and it is my understanding, under the proposed law, that a segment could be built within 12 months.

Mr. HARVEY. Let me ask you this question: Are these particular projects here or, rather, on these particular projects has the land been acquired on all of these projects?

Mr. WOOLNER. Where there are complete plans we would require that the agency developing the plans have title to the land.

Mr. HARVEY. Well, have these communities that you have designated in this list here been experiencing difficulty in borrowing money from your authority?

Is that why they are being submitted here at this time?

Mr. CONWAY. Many of these communities are not eligible for public facility loans under our regular program. They are only eligible for planning advances.

The reason for this is that our regular public facilities loan program has a population ceiling on it of 50,000. Communities in excess of 50,000 population are ineligible to participate in the public facilities loan program unless they happen to be in areas designated as redevelopment areas, in which case the population ceiling is 150,000.

So that with those population ceilings in effect, many of these communities are ineligible to participate in the loan programs.

Mr. HARVEY. Well, I am bothered by this.

This same committee passed Mr. Blatnik's water pollution bill, and I expressed at that time that a man can come here and go to three different agencies with regard to building a waste treatment plant.

He can go to your organization and borrow money to build one, as I understand it. That is one of the projects included.

He can go to Mr. Hodge's agency, the Department of Commerce, and he can get a hundred percent of it under the ARA, and he can go to Mr. Ribicoff and get 30 percent of it up to now under that organization.

Now, as I understand it, under this bill, what we are doing is increasing loans on a waste treatment plant, increasing the amount up to 50 percent, and you are saying to the community that "if your community cannot pay for the other 50 percent we are willing to loan you that much." Is that right?

Mr. WOOLNER. Congressman, I do not think, in a given instance, there is necessarily three choices. Under the ARA program, the project would have to bear some relation to industrial expansion. A great many of the communities that are seeking help do not have an industrial plan and there is no direct relationship between the project they propose and industrial expansion.

At the same time, this help, under ARA, is limited only to those areas that have been designated. So that in a given instance there might not be three choices.

Mr. HARVEY. There is no question in your mind that those three alternatives are open, is there?

Mr. WOOLNER. Those three alternatives are open to communities in ARA areas, and in many of the communities outside of ARA areas there will be a combination of the grant available under HEW and the loan available under the Housing Finance Agency.

Mr. HARVEY. Well, I am just thinking out loud here, but, what if you have a community of 100,000 people, for example, that have just voted to tax themselves to pay for a new waste treatment plant and a new sewage disposal system, and so forth, then in another community, a short distance away, we come in and give them a 50 percent grant or a 100 percent grant, if we can conceivably do so, does not that smack to a certain degree of unfairness in the treatment of these citizens of close communities, let's say?

Mr. CONWAY. Congressman, already scheduled public works in a community would not be covered by this. This bill is not designed to provide new financing for something that is already scheduled.

It is designed to accelerate and get into motion additional public works, not to take the place of——

Mr. HARVEY. Of short-term public works——

Mr. CONWAY. Yes, sir.

Mr. HARVEY (continuing). As I understand, of less than 12 months' duration?

Mr. CONWAY. Yes, sir.

Mr. HARVEY. And you will agree that this list that you submitted does not specify short-term public works projects? In other words, an incinerator for a county of 200,000 is not a short-term project?

Mr. CONWAY. If that particular project takes longer than 12 months it would not fall under this bill.

Mr. HARVEY. And that would be true of many other cases that you submitted as well. Is that not correct?

Mr. CONWAY. I would think that a large percentage of the projects on that list would fall into the category of projects that could be completed fairly quickly.

Mr. HARVEY. I have one other question along the lines of what Mr. Baldwin was asking you.

How much of the money, that was appropriated last year under the ARA, for the loan program under the public facility loans, how much of that money have you committed as of this time?

Mr. CONWAY. We would have to supply that for the record because the funds that are available are ARA funds and administered by the Commerce Department.

Mr. BLATNIK. Will the gentleman yield?

Am I correct that you recommend approval if these projects meet the specific criteria that has been set out?

Mr. CONWAY. That is correct. The application is made to the ARA. If, in turn, they consider it within the guidelines of the law, they refer it to us to check out the various things, and we then make a recommendation back to ARA and they process it from that point on. So you are asking us, in effect, to supply figures that are in the Commerce Department. They can supply them or we can get them for you, I am sure. We would have to do it that way for the record.

Mr. HARVEY. I have no further questions.

Mr. WRIGHT. Mr. Chairman?

Mr. DAVIS (presiding). Mr. Wright?

Mr. WRIGHT. I should simply like to congratulate Mr. Conway on his appareance here today.

Further, I would like to comment that for the past 12 years I have had some experience with your Community Facilities Administration and with Mr. Pere Seward, both as mayor of a municipality and later as a Member of Congress. I have found him, and those who work with him, always at all times most cooperative, most helpful, most informative, and I should like to say to you that I regard him as an exemplary public servant. I think the Government of the United States is fortunate to have such persons associated with it.

Mr. CONWAY. Thank you, Congressman. We appracite your remarks and Mr. Seward is here with us and I am sure he does also.

Mr. BLATNIK. Mr. Chairman?

Mr. DAVIS. Mr. Blatnik?

Mr. BLATNIK. Mr. Conway, on page 5 you refer to the survey done in 1960 by the Census Bureau and completed last December of 1961. Do we have the results of that survey? Will they be included in the record?

Mr. CONWAY. We can supply for the record two tables which contain practically all of the information that you would want and we can supply it for the record.

(The material referred to follows:)

TABLE A.—*U.S. summary of construction plans of State and local governments covering the 18-month period, July 1960 through December 1961, by plan status and cost size of project*

[Dollars in millions]

Item	Type A projects scheduled for completion of planning [1]—				Type B projects [2]
	July through December 1960	January through June 1961	July through December 1961	18-month total	
Number of projects costing:					
Under $100,000 per project	22,707	18,982	16,370	58,059	9,019
$100,000 to $999,999 per project	9,650	8,971	6,662	25,283	8,239
$1,000,000 or more per project	1,482	1,663	1,687	4,832	1,575
Total	33,839	29,616	24,719	88,174	18,833
Estimated construction cost of projects costing:					
Under $100,000 per project	$636	$638	$448	$1,722	$359
$100,000 to $999,999 per project	2,985	2,565	2,215	7,765	3,255
$1,000,000 or more per project	3,892	4,141	4,170	12,203	4,919
Total	7,514	7,344	6,833	21,691	8,533

[1] Type A projects are defined as projects for which all planning actions necessary in advance of starting work or advertising for bids are scheduled to be completed during the periods shown (excluding any projects already underway or advertised for bids as of June 30, 1960).

[2] Type B projects are defined as additional projects not recorded as Type A, but already included in a master plan, capital budget, or equivalent, for which all planning actions would be completed between July 1960 and December 1961 if authority and funds for their planning and construction were available at the time of the survey.

Source: Mail-canvass survey of public construction plans conducted by Governments Division, Bureau of the Census, between August and November 1960, covering all States and a sample of local governments.

NOTE.—These data are estimates subject to sampling variation.

TABLE B.—*U.S. summary of plans of State and local governments for "Type A" construction projects, by level of government (projects on which planning is scheduled for completion between July 1960 and December 1961)*

Item	All governments	State governments	Local governments [1]
Estimated construction cost (in millions): [2]			
Highway facilities	$8,144	$6,582	$1,562
Educational facilities	5,437	1,147	4,290
Sewerage facilities	1,700	5	1,695
Residential buildings	1,521	433	1,088
Water supply systems	1,117	20	1,097
Utilities other than sewer and water supply	1,151	60	1,091
All other	2,622	816	1,806
Total	21,691	9,063	12,628
Distribution of estimated total cost by time when planning actions will be completed:			
July–December 1960	7,514	2,929	4,585
January–June 1961	7,344	3,202	4,142
July–December 1961	6,833	2,933	3,900
Distribution of estimated total cost by prospective method of financing:			
Public borrowing	11,465	2,147	9,319
State-local grants	932	----------	932
State-local loans	22	----------	22
Federal Government grants	3,493	3,073	420
Federal Government loans	359	221	138
Other (own-government revenues and balances)	5,419	3,623	1,796

[1] Estimates subject to sampling variation.

[2] The category "residential buildings" includes not only public residential housing but also group quarters, such as nurses homes and student dormitories. In this summary table, the residual heading "All other" includes detail obtained separately for natural resource projects, general administration buildings, and a miscellaneous class, "other public facilities."

Source: See table A.

Mr. BLATNIK. In previous efforts to accelerate public works projects by community facilities, for justified, needed things which our local municipalities are unable to undertake themselves, the problem of getting them underway in as short a time as possible was due to the inadequacy of advance planning.

Is that not correct?

Mr. CONWAY. This has been one of the problems and, of course, this is what motivated the Congress to set up our present advance planning program, and it has been a very successful program.

This has been the third program that our agency has gone through.

Mr. BLATNIK. So you do have the machinery——

Mr. CONWAY. We have the machinery and the experience, and it has been very effective.

Mr. BLATNIK. The small communities need help. In most cases the township or the village clerk, rather, will do the paperwork and try to do his best, within his competence, to supply the information which is required and which in many cases is technical.

They do need this technical assistance——

Mr. CONWAY. That is correct.

Mr. BLATNIK. To work out the engineering and the technical aspects of the project.

In days past we had small projects on the shelf with only minor adjustments for alterations which would be required to get them in action and under construction within a short period of time?

Mr. CONWAY. That is correct.

Mr. BLATNIK. Mr. Conway, am I correct that most of your testimony here was directed to the standby legislation of this committee?

Would you have any comments or recommendations? In short, may I ask you this: Does a need exist in terms of several millions of men and women unemployed in areas?

Do they also have a need for bona fide local public facilities?

Do you have any comment to make or may I ask, would you be in a position to handle any immediate accelerated program such as that recommended up to $600 million recommended by the President yesterday?

Mr. CONWAY. Yes, Congressman. We would be in a position to handle an immediate program.

I did not direct myself, my remarks, to specifically one or the other because the contents of our statement covered both situations, whether it is an immediate program or whether it is a standby program.

We do have an ongoing advance planning program. We submitted a list of projects that would, in effect, be immediately available to start construction on. Work has been done.

We would be in a position, with our field staff, which is all tooled up and available to go into action on a program that would be adopted by the Congress in the immediate future.

Our relationship as an agency, to the $600 million program would be essentially the same as our relationship to the $2 billion standby program. The only difference essentially would be the eligibility of the areas to be covered.

In the case of the standby bill, it is really the country as a whole that is involved. In the area of the $600 million program it is what we

know as the depressed areas, designated under the ARA, plus the areas which are experiencing substantial unemployment.

These two groups combined would constitute the area's eligible under the program. We would then just commence with the program within the framework of the areas immediately eligible.

So we could go to work right away.

Mr. BALDWIN. Mr. Chairman, I have one more question.

Mr. DAVIS. Mr. Baldwin?

Mr. BALDWIN. Mr. Conway, if there were two school districts right alongside one another, and one happened to be at a point where they needed to build a new school during the year in which this bill might be in effect, because of an increase in enrollment, and the other school, if its student population was not growing at such a rate that is needed a school that year, but needed a school the following year, as I understand it, the first school, which just happened to need the new school because school enrollment had reached the point where they needed to build a new school during the year when the bill might be in effect, would qualify for an outright grant of 50 percent, but the school district adjoining it, because their school enrollment, being at a different rate, did not require a new school until the following year, when this program was no longer in effect, they would not qualify for the specific grant.

That would be true, would it not, under this bill?

Mr. CONWAY. Well, sir, let me say this: while it is true that the language of the bill could be construed to cover primary and secondary schools, our agency has always concluded they are outside our existing programs, so that we have not been involved in the primary and secondary schools except with the impacted school areas programs where we provided supervision and technical services.

Mr. BALDWIN. I am not asking what you have done in the past. I am asking what you would be authorized to do under this bill.

Mr. CONWAY. Well, I would be prepared to say here, and I may be sticking my neck out, that we would not get into the construction of primary and secondary schools unless we were specifically directed to do so by the Congress.

Mr. HARVEY. But you could, under this legislation?

Mr. CONWAY. Yes. As I said earlier, if you want to read the legislation as permitting this, it is obviously permissible.

We have administered our existing programs with the same legal authorization and we have not gotten involved in this construction of primary and secondary schools, and I doubt very much if we would, under the same authorization, get involved in this kind of construction work unless specifically directed to do so, sir.

Mr. BALDWIN. But you could be directed to do so by the President, could you not, if this bill is enacted?

Mr. CONWAY. I would doubt very much that the administration would, under the authority of this proposal, move into the area which is covered by other proposed legislation and under other programs.

Mr. BALDWIN. Well, all of these programs are covered by other legislation.

Mr. SCHERER. What you are trying to say is that the law permits this to be done.

Mr. BALDWIN. That is correct.

Mr. CONWAY. The public school issue is before the Congress in another area, and it should be settled in that area.

Mr. SCHERER. Will the gentleman yield?

Mr. BALDWIN. I will yield to Mr. Robison.

Mr. ROBISON. I do not see why there should be this doubt in your mind because, if I read the bill correctly, section 13(c) on page 14, where we define terms, clearly says that capital improvements includes public educational facilities.

That is line 3 on page 14 of H.R. 10317.

I do not understand your doubt——

Mr. CONWAY. In drafting the bill, Congressman, because a number of existing programs do cover public educational facilities, specifically our college housing program, the impacted school area program, and some of the others, it was included in the series of potentially eligible items.

Certainly, it is not our intention to stretch this, and if there is a problem in connection with that definition or that inclusion in the series, certainly, the Congress, in its wisdom, could put it more precisely.

Mr. BLATNIK. The gentleman has raised a good point. Perhaps that could be done. Perhaps it does need clarification.

In my opinion it does, but that would be our responsibility.

Mr. CRAMER. Will the gentleman yield?

Mr. BALDWIN. I will yield to Mr. Cramer.

Mr. CRAMER. On that same line of questioning, on page 13 it refers to public recreational facilities.

A number of municipalities, for instance, have gone into golf courses, bathing beaches, and swimming pools.

There is not any question——

Mr. BLATNIK. And ski slides. Do not forget the North.

Mr. CRAMER. And later on they will go into fish hatchery developments.

The bill, as drafted, not only the $2 billion bill but the $600 million bill, would permit the Federal Government to put up 50 percent of the cost of those programs where the Federal Government at the present does not go into them at all, and there is no authorized program, is that correct, under either the $600 million bill or the $2 billion bill?

Mr. CONWAY. Well, there are really two categories of public recreational facilities, those that the Federal Government is directly involved in itself——

Mr. CRAMER. At the present time——

Mr. BLATNIK. Will you give us an example of that?

Mr. CONWAY. The Federal parks system. Then we have other recreational areas that might be covered, but this is a choice that the local community would make.

Mr. CRAMER. Those are federally owned and operated recreational facilities.

We are now talking about city, county, and State owned recreational facilities, including swimming pools, bathing beaches, ski slides, and golf courses.

There is not any question but that the authority under this broad legislation would include 50 percent of Federal participation for construction or improvement of those facilities, is there?

Mr. CONWAY. Certain kinds of recreational facilities, that is correct.

Mr. CRAMER. Those specific facilities I mentioned would be included?

Mr. CONWAY. Swimming pools would be included and some of the other things that you mentioned, certainly, but this would be a purely local decision on the part of the local community.

Mr. CRAMER. Any development on the local level, that the local authority decides is a proper public function under their charter or the county government, under State legislation, would be subject to 50 percent Federal participation under either the $2 billion bill or the $600 million bill.

Is that correct?

Mr. CONWAY. You have to assume good sense in the administration of the program and sound judgment. There would be certain kinds of recreational facilities that——

Mr. CRAMER. That is not the point.

When we are attempting to legislate I think legislators are duty-bound to determine what the full thrust of the legislation is; how much authority is Congress delegating to the President and to his associates, and to his delegates and, according to this bill, he can delegate authority to a delegatee and then to a subedelegatee, and then to a subdelegatee of the subdelegatee.

So you can go way down to the fellow at the bottom of the rung or the bottom of the ladder, and he has as much authority practically as the President under the legislation.

Now, Congress is being asked to delegate that much power to the President, and I think Congress has a duty to determine what is being delegated and whether it should properly be delegated.

Do you not agree with that?

Mr. CONWAY. I cannot disagree with you, sir. I think that Congress does have this responsibility.

It is true, that under certain of existing programs the definitions are as broad as this, and I would think that if, in this particular case, you did not want a definition that broad, certainly, in the judgment of the committee and the Congress you could restrict it.

Mr. BALDWIN. Will the gentleman yield?

Mr. CRAMER. Yes.

Mr. BALDWIN. Now, this same section 13(c) provides that Federal funds can be used to provide parking lots and land for garbage disposal.

What additional work would be provided if we authorized all of the local communities to go out and buy vacant lots for parking lots or buy vacant land for garbage disposal facilities?

Mr. CRAMER. Or establish a new fish hatchery?

Mr. WOOLNER. Well, building a parking lot or building a parking garage, or building an incinerator——

Mr. BALDWIN. This says "parking lot," not a garage.

Mr. WOOLNER. Well, in the development of facilities, Congressman, I think we have an obligation to consider whether it does contribute to the reduction of unemployment.

In other words, if there is only minimal employment involved, then I would think the agency, administering this section, would turn down the request. If they are simply talking about a piece of vacant

land that can be put into shape to be called a parking lot, with the services of a couple of men, this certainly is the type of project that ought not to be considered under this program, because there is a specification under the bill that there be a significant contribution of unemployment.

Mr. BALDWIN. Let me ask you a question about buying a piece of land for a garbage dump.

You do not dispute the fact that under section 13(c) this would authorize Federal funds to be used to buy a piece of land to be used as a garbage dump, do you?

Mr. WOOLNER. I think the language says "garbage disposal" facilities, and while I agree that a dump might come within that technical frame of reference, I think what this had reference to was incinerators and other types of construction.

Mr. CRAMER. Now, as far as the activities of FHA and the program that you have outlined are concerned, you could put into effect under the $600 million, is it not a fact, the same type of program that has been proposed for some time on community facilities which would permit direct grants or loans for communities to build local public works projects that have not previously been contributed to or participated in by the Federal Government?

Mr. WOOLNER. Well, there are no grants involved in the present public facility loan program, Mr. Congressman.

Mr. CRAMER. I am talking about the legislation.

Mr. WOOLNER. The legislation would permit grants.

Mr. CRAMER. Right. So this would broaden the scope of Federal activity into the building of local communities public works projects of any nature to the extent of 50 percent Federal participation on a grant basis, and if the situation were bad enough they could even loan the other 50 percent of the cost of an entirely new program in public works areas under this broad legislative authority, which is a back-door approach of getting the community facilities bill enacted. Is that not exactly what it amounts to?

Mr. CONWAY. Well, sir, there is a certain similarity in the operation of the programs, but this particular bill under consideration has specific restrictions and limitations, and I will point out two of them. The project must meet an essential public need, and it must contribute significantly——

Mr. CRAMER. If the local communities decide it is a need, it is a need.

Mr. CONWAY. The other point I want to make is that it will contribute significantly to the reduction of unemployment.

Mr. CRAMER. Any public works will contribute, to some extent, to helping unemployment, and if it employs a few more people, it helps that much, but if the local community says "This is what we want to do; we consider this golf course a public course, and we have authority under our charter to build it, and we say it is going to employ 500 people for 6 months to build it; we request that you put 50 percent Federal money into it and, on the other side of the coin, we do not have the money to put up ourselves and we want a loan for the balance," you can approve it under this legislation. Is that not correct?

Mr. CONWAY. If it would qualify and meet these conditions it could.

Mr. CRAMER. Yes; there is not any question about that.

Well, now, have you found recently that there has been, as the Secretary of Labor suggested, about 14 percent unemployment in the building industry?

Mr. CONWAY. The unemployment, of course, in the building industry varies from section of the country to section of the country, but, by and large, there is substantial unemployment in the building industry.

Mr. CRAMER. What is FHA doing to try to put these people to work, and what is the administration doing to try to loosen up the money policies that have been so highly criticized in the past as "tight money"? What is being done to loosen up money, make it available for home construction, where millions of people can be employed without pump priming?

Mr. CONWAY. We agree that the homebuilding industry is a very substantial source of employment in this country. We have taken steps to reduce interest rates. Last year we reduced interest rates on FHA mortgages twice——

Mr. CRAMER. And there is still substantial unemployment.

Mr. CONWAY. There was an increase, a steady increase, in home construction until the recent months where we experienced severe weather difficulties throughout the country that has affected materially the starts.

Mr. CRAMER. But this legislation is not supposed to consider seasonal problems, is it?

Mr. CONWAY. I agree, sir, but our agency, on its regular on-going housing program, does try to operate within the framework of the basic housing policy of this country, which includes keeping a healthy construction homebuilding industry, and we are working in this direction.

Mr. CRAMER. What direction do you think you are going in in the State of Florida, for instance, where six of the principal counties involved have been advised that FHA will not provide construction commitments to any builders, even the good ones, even when there is not an inventory built up by a good builder in a good community; if he does not have one surplus house they cut off his money.

Is that improving employee possibilities in six of the major counties or in six areas where there are severe unemployment problems?

Mr. CONWAY. Sir, there are a few places in the country where there has been a sharp increase in the number of foreclosures and delinquencies on mortgages, and this is a matter of gerat concern to the FHA because it has to operate on a sound insurance program. There has been a temporary cessation put on the issuance of commitments in certain places, and two of the areas are in Florida.

This situation will continue only until a market analysis can be made, and a determination made, as to whether or not the commitments that have been issued are in the right categories. It may very well be that a particular price range of home is not selling, or is selling and then going into default, whereas another range—in other ranges of the housing market——

Mr. CRAMER. In how many other areas of the country is this action being taken?

Mr. CONWAY. There are two in Florida and——

Mr. CRAMER. There are six in Florida.

Mr. CONWAY. But there are two offices in Florida.

Mr. CRAMER. It involves six counties, including Dade County, one of the biggest population areas in the United States, including Tampa, St. Petersburg, the second largest population area in the State of Florida with over a million people, including Ft. Lauderdale, including Orlando, Seminole County.

Now, you did not issue an order preventing commitments to be issued to speculative builders. The FHA Director rather issued an order cutting off construction money to all builders in those counties. Now, do you not think the result of that is obviously going to be substantial unemployment?

Mr. CONWAY. This is a temporary thing, and the FHA commissioner, in issuing these instructions to these two insurance officers, is sending a team of market analysts——

Mr. CRAMER. And how long is that going to take?

Mr. CONWAY (continuing). And they are in there now, making an evaluation of the market situation right now.

Mr. CRAMER. How long is that going to take?

Mr. CONWAY. And I am sure, within a reasonable period of time, there will be some decisions made.

Mr. CRAMER. So there is a blanket order that even the best builders, who have no inventory built up in the finest locations, in the finest development areas, are stopped from getting construction money guaranteed by FHA, and the administration claims that it is trying to put people to work. Is that not a little inconsistent?

Mr. CONWAY. I do not think it is at all inconsistent, sir. When you get a sharp increase in mortgage defaults and delinquencies, that is a problem that we have to take cognizance of and quick, and we did in this case, and we have issued a temporary stop. We are evaluating the situation. We will take corrective action as quickly as we can, and we certainly do not want to penalize any builders who are in the process of building homes that could be sold.

We certainly think we ought to take a look at the process of building homes which are either not going to be sold or, when sold, go into default.

Mr. CRAMER. Well, you could very easily issue conditional commitments to builders that do not bind the Federal Government at all, and permit them to go ahead and build these houses rather than doing it on a scatter-shop basis and cutting everybody off.

If some thought had been given to this order before it was issued that could have been done, and I sent a recommendation to the FHA asking that that be done and let the good builders go ahead.

Mr. CONWAY. Well, sir, considerable thought was given to this before it was issued, and it was decided that this was the most effective way to bring the problem under control.

Mr. CRAMER. Oh, it does that, all right, but it also puts a lot of people out of work.

Mr. BLATNIK (presiding). I would appreciate it if we could proceed. There are members wanting to ask questions, and I want to give them all a chance and distribute the opportunities within the time limit.

The Chair does have a problem. It has been stated very precisely. It is on the record and the answer has been made.

If you will speed this up, we have two more witnesses, and we hope to be able to dispose of them by the noon session.

Mr. CRAMER. Well, naturally, I want to move forward with the deliberations but we are asked to consider a bill that calls for the transfer of funds and an unprecedented authority granted to the President of the United States, an authority that is presently vested in the Congress of the United States, a transfer of funds between departments that has never been given to any President at any time, to the extent of $2 billion, and it could be as much as $4 billion in a 12-month period.

And now, he has come in, in an effort to put a sweetener on it, to try to attract the support of areas that have depressed unemployment problems, and has added a $600 million last-minute, last-ditch effort to save the bill.

So it could amount to $4 billion, and we are supposed to not spend any time interrogating the witnesses?

Mr. BLATNIK. Yes; all the time possible.

Mr. CRAMER. And here——

Mr. BLATNIK. Just a moment. The chairman says that one man shall not conduct all of the interrogation. The gentleman knows the procedures and the gentleman knows the length of propriety.

Now, if the gentleman has any further questions you may proceed.

Mr. CRAMER. Well, with regard to housing construction I think admittedly that is one of the areas where there is an unemployment problem and where a boost is needed.

Now, how is this program going to boost the home construction industry in the country?

How is this legislation going to boost the home construction industry in the country that employs tens of millions of people?

Mr. CONWAY. We have, sir, on the books the Housing Act of 1961 which we are implementing.

That act provides additional financial tools to construct low-cost housing. The extent—I mean, the length of mortgage terms was extended to 35 years.

The downpayment was reduced, in some situations, to 3 percent, and we do have an interest in getting as many low income homes constructed as possible in the areas around the country, because this does contribute materially to increased employment.

Mr. CRAMER. That is not the question I asked.

Mr. CONWAY. There is no relationship between the general program in trying to correct these specific programs and two places in Florida and——

Mr. CRAMER. I am talking about this legislation. Where, in this legislation, does it help home construction?

It does not do anything, does it, in the area where something could be effectively done?

Mr. CONWAY. It does, sir, in the area of public facilities, because in many of the locations in this country the building of homes have exceeded, in suburban areas especially, the capacity of the community to take additional homes, and the construction of needed water and

sewage systems and other public facilities is an essential part of the development of these communities.

This is a problem in many locations around the country where the local communities, themselves, have had to stop building activities until the water facilities and other facilities could catch up.

So there are many, many situations where this bill would provide specific assistance to the communities to assist potential home construction in these areas.

Mr. CRAMER. But it does not give FHA additional authority in that area?

Mr. CONWAY. It does not give FHA that. It does not need to.

Mr. CRAMER. Now, do you not think that one way to help homebuilding immediately would be for the President to release the $300 million that he has refused to spend for direct VA loans?

Would not that be a substantial immediate remedy for the home construction industry?

Mr. CONWAY. This is something that the President can consider at any time.

Mr. CRAMER. And that $300 million that he is refusing to spend for VA, direct home construction, could be transferred by the President under the terms of this $2 billion bill to implement golf course construction in cities; could it not?

Mr. CONWAY. The legislation would permit the allocation on a temporary basis of funds until Congress would come back into session.

The method of allocation, the problems involved in that connection, are matters which the Budget Bureau people and the other witnesses of the administration are much more capable of directing their attention to.

We are the doers. Our agency is the doer.

How the money is provided is not the thing for which we are basically responsible. When the authorizations are made, the programs are set forth, and our agency is charged with the responsibility of carrying them out.

Mr. CRAMER. And it is going to take, is it not, a very substantial increase in personnel in your community development agency in order to implement this for either one, the $2 billion or the $600 million program?

You are going to have to have substantial increased personnel, are you not?

Mr. CONWAY. I am going to ask Mr. Woolner to answer this because most of the load would fall on his department.

Mr. WOOLNER. Mr. Congressman, there is no doubt that it would take an increase in the staff to handle an increased load.

Not necessarily a proportional increase of it though, because the staff is already operating in this area and trained in this area.

Mr. CRAMER. For advanced construction loans, advanced pending loans only.

Right?

Mr. WOOLNER. Oh, no. We handle both the public facilities loan program as well as the advances for public work plans.

Mr. CRAMER. Planning, yes, but no construction?

Mr. WOOLNER. We handle the direct loan program, Congressman, at the present time, under the public facilities loan program, which finances construction.

Mr. CRAMER. Yes.

Mr. WOOLNER. Our staffs are skilled in loan development.

Mr. CRAMER. How many more personnel do you think would be needed to put this program into effect?

Mr. WOOLNER. I could not say offhand, Congressman.

Mr. CRAMER. Has not a study been made of that?

Mr. WOOLNER. I have no notion at this time as to what the exact numbers would be.

I cannot tell you what the amount would be.

Mr. CRAMER. It would be substantial, would it not?

Mr. WOOLNER. Not necessarily. Substantial in terms of the moneys available; no.

Mr. CRAMER. That is all.

Mr. SCHWENGEL. Mr. Chairman?

Mr. BLATNIK. Mr. Wright?

Mr. WRIGHT. The impression was left a moment ago, Mr. Conway, that this would be a complete departure from previous experience, and that it would constitute the first time your agency had been involved in direct grants as opposed to loans.

It is my recollection that your agency in the past has been engaged in grants of different kinds to municipalities for community facilities, particularly during the Korean war and World War II.

Is that not correct?

Mr. CONWAY. Yes; that is correct.

Mr. WOOLNER. Yes; that is correct, Congresman, and, in addition to that, we work, in our current loan program, with the other Federal agencies that are involved in the grant program; the Federal Aviation Agency and HEW, the other agencies that do have grant programs going. So that we do have direct contact with the programs and are familiar with them.

Mr. WRIGHT. These have been planning loans, have they not, in which you extend loans to communities to facilitate their planning of these improvements and, under which, if they do not put these public improvements into effect, they owe you the money back?

Mr. WOOLNER. These are interest-free advances that are repayable at the time of the construction—the time the construction begins.

Mr. WRIGHT. Now, the second impression that may have been left was the thought that the community itself is the final arbiter of whether it meets the criteria. My experience is somewhat at variance with this. Is this time or is it not true?

Mr. WOOLNER. No; we do not always see eye to eye with the community.

Mr. WRIGHT. I was going to comment that if this is the case we have been robbed, and I am going back again to remind you that the city of Fort Worth has had a traffic survey application in which it feels that it was qualified. Now, what percentage of the applications that are made in the initial stages in the regional offices are approved and what percentages are disapproved?

Mr. WOOLNER. The ratio is about 40 percent.

Mr. WRIGHT. Forty percent approved?

Mr. WOOLNER. No; 60 percent approved; 40 percent not approved.

Mr. WRIGHT. Of those that actually reach the stage of an application?

Mr. WOOLNER. Yes. Now, these are not necessarily all approved applications, of course. Many of them are withdrawn before we do any extensive processing because on the surface they do not qualify.

Mr. WRIGHT. Well, in other words, a good many of them are not accounted for in this 40 percent disapproval because they will come in and discuss the matter with your representatives at the regional level and will be convinced that they do not qualify, and thereafter will not even pursue the matter to the point of making the formal application; is that correct?

Mr. WOOLNER. No. I think my figure of 40 percent would include those that are cleared so we can make an evaluation.

Mr. WRIGHT. Now, the third point I am not at all clear that you are qualified to answer. I don't think that I am either. The impression was left that the attempt to help the depressed areas was added simply as a gimmick or as a sweetener to the bill to make it more palatable to the Congress. Would you in your judgment say that is correct or would you say rather that it was a genuine attempt to help depressed areas?

Mr. WOOLNER. I think it is a very definite attempt to give assistance to the depressed areas. Under the Area Redevelopment Administration Act, unless the public betterment can be related directly to industrial expansion, the project is not eligible. There are many many communities where there are improvements needed in water and sewage systems and other public utilities where there is no direct relationship to industrial expansion. Such projects would not qualify under ARA. They would qualify under the proposal for $600 million extension.

Mr. WRIGHT. I share with the gentleman from Florida the belief that the very best way to stimulate employment in the economy is to create a climate in which private expenditures can be stimulated. I think it is far preferable if it is a matter of choice to stimulate individual home construction, for instance, performed on a private basis with homes to be sold to and owned by private individuals than it is to engage in public works construction. I believe this is true for the reason that private organisms of employment sell goods and services on which they make returns which finance additional expansion and activity.

I share with him the hope that something can be done to stimulate additional capital expenditures in the private sector, but I think you have a very valid point in that the encouragement of such public works as streets, sewerlines, waterlines, fire stations, schools, all of these necessary community facilities, stimulate and make possible the construction of additional homes in areas where otherwise it isn't possible.

I mentioned a moment ago that I had an opportunity at one time to serve as a mayor of a municipality. The growth of a municipality is costly. It doesn't pay for itself in the first several years. Taxes are brought in from the additional properties placed on the tax rolls but it takes many years to amortize the expenditures necessary to make available to these new areas these necessary services. For this reason, many municipalities, having reached the legal limit of their bonded indebtedness, have quite a bottleneck. This bottleneck serves to stifle progress, to stifle private investment.

Don't you feel that whatever we may do to facilitate the construction of needed public works activities in cooperation with the municipalities will indeed make possible additional growth and expansion in the private sector?

Mr. WOOLNER. Yes, to the extent that we improve the communities through development of essential public works, we make it possible to attract new industry to develop and expand the industry that is already there. We make the whole community much more attractive.

Mr. CRAMER. Would the gentleman yield?

Mr. WRIGHT. I yield back to—this is all I had to say. I yield to anybody.

Mr. BLATNIK. Mr. Scherer?

Mr. SCHERER. Mr. Conway, on page 6 of your statement you say:

> We in the Housing Agency have the resources and experience necessary to perform effectively the functions which would be assigned to it by the bill.

When you use the word "resources," you certainly don't mean financial resources, do you?

Mr. CONWAY. Talking about personnel basically and the skills we require.

Mr. SCHERER. I just wanted to be sure—in fact, you just said a few minutes ago you do the job and you are not concerned with where the money comes from.

Mr. CONWAY. I don't say that we aren't concerned but the method of financing is not our basic responsibility in formulating a particular piece of legislation, unless it is in our subject matter area directly, sir.

Mr. SCHERER. In other words, the money must be supplied from some source, and that is the responsibility of other people, is that right? That is what you meant, wasn't it? The responsibility of supplying the money to carry out this program is not your basic responsibility. That is what you said, didn't you?

Mr. CONWAY. Yes. Essentially that is what I said. I said that we shared——

Mr. SCHERER. That should be of concern and the responsibility to the Congress, should it not?

Mr. CONWAY. Correct.

Mr. SCHERER. What bothers me sometimes is that we authorize these programs, many of them meritorious, but we aren't concerned as to where the money is coming from. If this bill is passed by this Congress and it should be put into effect this year, that would require the accelerated expenditure of $2 billion, would it not?

Mr. CONWAY. No; $600 million.

Mr. SCHERER. No. I am talking about the basic bill which gives the President the authority to expend $2 billion on an accelerated basis.

Mr. CONWAY. That is a standby——

Mr. SCHERER. That is the standby bill and if the standby bill should be put into effect, we would have to accelerate the expenditure of $2 billion.

Mr. CONWAY. That is right.

Mr. SCHERER: Right. And we could begin to do that this year, yet, could we not, if the provisions of this bill are put into effect?

Mr. CONWAY. It would be unlikely, I would think, that events would occur that would permit the proposal to trigger.

Mr. SCHERER. Well, if it was—we are talking about unemployment. The Secretary of Labor yesterday talked at length about the unemployment in certain areas of this country so that it is possible that the acceleration could be triggered off because our recovery, as indicated, hasn't been as good as some of us expected. It is possible that these accelerated expenditures could be triggered off this year.

Mr. CONWAY. I think it is highly unlikely, but I would have to defer to the Council of Economic Advisers and other people.

Mr. SCHERER. Well, if it is, it would require the acceleration and expenditure of $2 billion and as the Director of the Bureau of the Budget said, it would be necessary under present financial conditions to borrow that money—to further add to the $290 billion debt that we now owe. Would that not be right?

Mr. CONWAY. I think that if the Director of the Bureau of the Budget said, that they would get the funds from some source, that——

Mr. BLATNIK. If the Chair could interrupt, we covered that point certainly in great detail. These men here represent a specific agency of the Federal Government. They are here to answer questions about the program, what they have done, what is contemplated to be done.

Mr. SCHERER. I understand.

Mr. BLATNIK. What they can do, how they can be utilized if Congress decided to give this authority to the administration. It is rather difficult, obviously difficult, for these gentlemen to try to answer questions on a basic policy——

Mr. SCHERER. I understand that perfectly.

Mr. BLATNIK. And the Chair realizes——

Mr. SCHERER. What I am trying to do at this point, in view of the statement made by the gentleman that it is not their basic job to consider where the money is coming from, is to pinpoint in this record that it is Congress' responsibility to determine where the money is coming from for such a program. All I am trying to show is that if this bill, which we are now considering, is put into effect, that it is going to require the accelerated expenditure of $2 billion. I was attempting to make the point that the great Democratic Senator from Virginia made in the debate on the Senate floor in connection with raising the debt ceiling. If we continue this inordinate spending, we are going to be called upon to raise the debt ceiling again.

Here is what Senator Byrd said in connection with raising the debt ceiling just a few weeks ago. He said:

> Neither our form of government nor our system of enterprise can survive insolvency. All of us know that we cannot continue much longer to spend and spend and tax and tax and borrow and borrow.

And that is the point I am trying to make, that we are providing for more taxing and more taxing and more spending and more borrowing.

And he said this:

> We are already laboring under a terrible tax burden. It is confiscatory in some areas. Deficits are continuous and the debt is at a peak never reached even for 4 years of global shooting war. In addition to $300 billion in direct debt, we have assumed contingent liabilities at home and abroad amounting to untold billions more. Now we propose to underwrite the debts of the United Nations and other debts.

Then he said:

> We have been the policeman, the banker, and the Santa Claus for the free world for more than 15 years. Recent figures showed U.S. foreign aid has totaled

more than $100 billion and is continuing. Meanwhile, we are faced with a menacing deficit in the balance of international payments between the United States and the nations we have assisted. It has run as high as $4 billion a year. This situation, in combination with domestic deficits which we are going to further increase, which threaten or cause inflation, has resulted in a drain on our gold supply. We have lost 30 percent of our gold in relatively a few years.

Mr. President—

the Senator continued—

I emphasize we have lost 30 percent of our gold reserves.

And then he asked this question:

Is it possible for us to destroy ourselves from within? Every American should ask himself that question. Nothing could serve Khrushchev better. Survival of the free nations, including our own, depends upon the financial soundness of this Government. Nothing now before the Congress or any other branch of the Government is more important than the protection of the Nation's fiscal structure.

That is all.

Mr. BLATNIK. Mr. Schwengel?

Mr. SCHWENGEL. Mr. Chairman, I am sorry that there is an allotting of time here on this testimony, because there are some things that need to be brought up, that need to be gotten into the public record, and I think it is our purpose and our place as the minority to bring out the shortcomings, if any, in the course of the public discussion of them, and to call attention to some of the ominous tendencies that seem apparent here. At least they seem apparent to me.

I want to suggest now that I believe the President of the United States can influence a situation whereby he can if this bill is passed implement the terms of this bill or, in other words, he could create a situation where he could spend the $2 billion—the $2.6 billion. We have already had some evidence here that there has been some influence somewhere to cut out the public housing and even some testimony to the effect that this is a good way to get employment.

Recently in my community in Iowa we had plans to build a post office, in Cedar Rapids and Davenport, my hometown. Now, they said to the people there, "If you will cooperate and make it possible for us to get these areas and clear up any conflicts and make available this area to the Post Office Department, we will go ahead and build the post office," and everybody was led to believe that this year they were going to build a post office in those two communities.

Now we got a notice that this can't be done this year, maybe next year, and yet we were assured all along the line that they had the capability, had the money, and they were going to be built. We can get the money through private enterprise and now they are not going to be built. Somebody made a decision that they shouldn't be built. We don't know why.

Mr. BLATNIK. That is not within their province. We will have General Services Administration, though not necessarily the postal people, but these people do not have any jurisdiction over construction.

Mr. SCHWENGEL. Well, now, Mr. Chairman, I wanted to ask some of these questions yesterday but time was pressing, and we had very important people here.

Mr. BLATNIK. Ask the questions in their province and jurisdiction and I am sure they will do their best.

Mr. SCHWENGEL. I am not just asking questions. I am getting something into the public record that needs to be gotten in, sir.

Mr. BLATNIK. We can't reduce the speechmaking and you have every right to have your opinions, but to expedite the orderly course of these hearings, because we have 2 days of hearings with Federal agencies——

Mr. SCHWENGEL. Mr. Speaker, this concerns this matter, this area we are in. Now, I want to call attention and ask a question, call attention to section 13 under "Definition," section C, paragraph (c), the term "capital improvement includes," and it goes on with a whole list. And over to page 14 is where I want to direct my attention. On lines 4, 5, and 6: public lands, water, timber, fish, wildlife, and other conservation measures.

As I interpret this bill, if we pass it, it will give this administration authority to bypass the watershed program. If somebody becomes impatient that there is a need there and can convince the agency that this needs to be done right now, you can bypass all the rules and regulations, the plans that have been adopted by the watershed program in the Agriculture Department or in the Interior Department.

Mr. BLATNIK. The Chair would like to inform the gentleman that our immediate next witnesses who have been waiting patiently do speak for and represent the Department of Agriculture. I am sure they will be qualified to answer that question. If you think the question is pertinent here, dismiss these witnesses and go ahead with these questions with the other witnesses.

Mr. SCHWENGEL. He is testifying on this bill.

Mr. BLATNIK. We have a lot of Federal agencies involved. They have no jurisdiction, nothing to do with watersheds.

Mr. WOOLNER. Mr. Chairman, if I might explain, in terms of the administrative practices of the Community Facilities Administration where we are involved in a project either for planning or a request for a public facility loan which relates to the jurisdiction of another Federal agency, we consult with the other Federal agency before we proceed so that we would not be in conflict with what may be planned.

Mr. SCHWENGEL. This is the policy but this isn't what you may do. You would have authority to bypass under the terms of that bill, isn't that right?

Mr. WOOLNER. I wouldn't say that this would automatically give us the authority to bypass other agencies.

Mr. CONWAY. If they go in the Federal program, as Interior, or General Services Administration, our agency would have nothing to do with the administration of those programs.

Mr. SCHWENGEL. But if you were directed to do so, you would. If the executive department directed you to do so, you would, right?

Mr. CONWAY. It is beyond the mandate of this law, I would think, sir.

Mr. SCHWENGEL. Well, the administration has directed, and I point to another department, Public Roads, they directed, I am told, in the Interstate System, 185 miles of it in West Virginia, and ignored the needs in many other parts of the country where they had greater need for extensions that were approved, but not justified in West Virginia. So this was a direct intervention that the Government department had to accede to.

Mr. CONWAY. Sir, we are not qualified in our agency to comment on anything that involves the Bureau of Public Roads, the Post Office or the Department of Interior.

Mr. SCHWENGEL. I am not saying you are. You said you couldn't imagine the President directing anyone to do this. I am saying that he has authority to direct and if he directed you to take on a certain responsibility, you would do so. Any department of Government would if we gave him authority.

Mr. CONWAY. According to the law, the President could allocate a portion of the $2 billion to certain kinds of programs, direct Federal expenditure programs which are administered by agencies of the Government, and the stepup would occur within the framework of those ongoing programs. I don't think the law permits the transfer of funds or the assignment of somebody else's responsibilities to us under an ongoing program.

Certainly that is not our understanding. Our understanding is that we would be assigned the responsibility to administer the grant or loan programs and the planning programs as they relate to the cooperation between the Federal and the local governments, State and local governments, that phase of the bill. We are not involved in the other parts at all.

Mr. FALLON. Would the gentleman yield?

Mr. Conway, you have no knowledge of any executive directives to any other agencies, do you?

Mr. CONWAY. No.

Mr. FALLON. I just wanted to ask if he knew of any directives to any other agency.

Mr. SCHWENGEL. Well, I think we are granting the Executive powers here that never have been granted. That is the point I want to make.

Mr. FALLON. I don't think the gentlemen here have any knowledge of what goes on in the other departments.

Mr. SCHWENGEL. I am just saying just as new legislation, granting certain authority that I think we have never granted before——

Mr. FALLON. I think the questions come step by step. We had the Bureau of the Budget and the Labor Department and we directed questions to those as departments, and I think this questioning should be confined on what their duties are and what their knowledge is of their own duties.

Mr. CRAMER. Would the gentleman yield?

How much of the $650 million authority for loans to community facilities have been placed, obligated?

Mr. CONWAY. By the present program?

Mr. CRAMER. Yes.

Mr. WOOLNER. Something short of $150 million, Congressman.

Mr. CRAMER. For what type of facilities?

Mr. WOOLNER. Generally for water and sewer and gas distribution systems. I can give you a rundown on this in just a second.

Mr. CRAMER. How much of this $650 million has been funded by Congress?

Mr. WOOLNER. The entire amount.

Mr. CRAMER. All right. You have only spent $150 million. If it is such a serious situation, why don't you spend more of that available, that $500 million?

Mr. WOOLNER. In the first place, in the 1961 Housing Act there was a 50,000 population ceiling on this program except in ARA areas where the population ceiling is 150,000. This has a direct relationship on the planning advances.

Some 1,941 of 3,467 applications that have been received through November 30, 1961, were for water and sewer.

Mr. CRAMER. I am not talking about advance loans. I am talking about advance planning. I am talking about construction loans.

Mr. WOOLNER. I have been trying to give you that figure. Under construction loan programs, of a total, through January 31, 1962, of 474 applications for loans and approvals, 272 were for water, 108 were for sewer, 56 were for water and sewer, 31 were for gas, and 7 were for other projects. So the bulk of this is in the area of water-sewer.

Mr. CRAMER. It has been limited to that more or less by policies of the administration; has it not?

Mr. WOOLNER. It was limited by the policies of the previous administration, sir.

Mr. CRAMER. All right. This administration hasn't changed it; right?

Mr. WOOLNER. This administration has broadened it.

Mr. CRAMER. To the extent of what, seven applications?

Mr. WOOLNER. We are just now beginning to see the effects in terms of incoming applications. What I gave you was the total of loan approvals through January 31, 1962.

Mr. CRAMER. The administration has been in office 14 months now and the effect has not as yet been to broaden the type of projects where loans would be available; is that right? And yet you lead us to believe that this $600 million loan or grant program could be put into effect immediately.

Mr. WOOLNER. I can provide for the committee a breakdown of the current pending applications in terms of the type of facility, but just skimming through this—in Alabama, a town hall and medical clinic—I am reading those that are not water-sewer—in Arkansas a municipal airport; in Colorado a street system; a hospital in Michigan.

Water and sewer, of course, will include storm drainage. An airport in New Mexico; parking facility in Oklahoma; reservoir in Pennsylvania.

Mr. CRAMER. These are applications?

Mr. WOOLNER. These are applications.

Mr. CRAMER. They haven't been approved. They are applications. I think a list would be helpful, Mr. Chairman.

Now, you have obligated, however, only $150 million of the $650 million, right?

(The material referred to follows:)

Applications pending public facility loans program, as of Mar. 15, 1962

[Dollars in thousands]

Applicant	Purpose	Loan amount
ALABAMA		
Midland City	Sewer	$150
Slocomb	Water and sewer	442
Hollywood	Water	69
Falkville	Water and sewer	272
Newton	Town hall and medical clinic	45
Haleyville	Sewer	490
Geneva County Gas District	Gas	1,600
Vina	Water	85
Elkmont	do	99
Steele	Gas	135
Walnut Grove	Water	77
Reese City	do	140
Glenwood	do	82
Total, Alabama (13)		3,686
ALASKA		
Nome	Water and sewer	1,543
ARIZONA		
Mammoth	Sewer	250
ARKANSAS		
Humnoke	Water	78
West Memphis	Municipal airport	321
McRae	Water and sewer	53
Improvement District No. 1, McRae	do	50
Water Improvement District No. 2, Magazine	Water	41
Greenway	do	72
Pollard	Water distribution	41
Pollard Water District No. 1	Water storage	36
Scranton	Water	39
Water Improvement District No. 1, Scranton	do	42
Hickory Ridge	do	111
Magazine	do	86
Cherry Valley	do	122
Total, Arkansas (13)		1,092
CALIFORNIA		
Santa Fe Springs	Water	600
Pinedale County Water District	Sewer	500
Carlsbad	do	1,870
Total, California (3)		2,970
COLORADO		
Frederick	Streets	168
FLORIDA		
Fort Meade	Water and sewer	500
New Smyrna Beach	Sewer	2,500
Eustis	Water and sewer	1,500
Daytona Beach	do	7,000
Belleview	Sewer	261
Belle Glade	do	1,133
Titusville	do	1,000
Lake Wales	Drainage	250
Venice	Water	560
Total, Florida (9)		14,704
GEORGIA		
Pembroke	Sewer	300
ILLINOIS		
Sny Island Levee Drainage	Drainage	3,415
Bridgeview	Water	2,100
Nelson	Sewer	68
Nelson Sanitary District	do	28
Bishop Hill	Water	29
Total, Illinois (5)		5,640

Applications pending public facility loans program, as of Mar. 15, 1962—Con.

Applicant	Purpose	Loan amount
INDIANA		
Oak Park Conservancy District	Sewer	$410
New Pekin	Water	170
Total, Indiana (2)		580
KENTUCKY		
Lewisburg	Water	162
Liberty	Water and sewer	336
Crofton	Water	329
Hazard	Sewer	525
Dawson Springs	Water and sewer	306
Prestonburg	Sewer	687
Lebanon Junction	Water and sewer	354
Grand Rivers	Water	113
Cherrywood Village	Sewer	104
Henderson	Pool	64
Fredonia	Water	172
Drakesboro	Water and sewer	367
Sanitation District No. 1, Mason County	Sewer	65
Total, Kentucky (13)		3,584
LOUISIANA		
Clayton	Water and gas	280
Mansura	Sewer	290
Plaucheville	Water	189
Epps	Water and sewer	115
Total, Louisiana (4)		874
MASSACHUSETTS		
Mount Greylock Tramway Authority	Tramway	[1] 2,700
MICHIGAN		
Ishpeming Township	Sewer	294
Farmington	Water	1,100
Chippewa County, Saulte Ste. Marie	Hospital	450
8½-mile drainage district	Drainage	11,841
Huntington Woods	Relief sewers	250
Plainfield	Water	975
Total, Michigan (6)		14,910
MISSISSIPPI		
Beaumont	Water and gas	368
Noxapater	Sewer	81
Liberty	Gas	275
Winstonville	Water	24
Long Beach	Sewer	1,300
Do	Drainage	245
Total, Mississippi (6)		2,293
MISSOURI		
Cedar City	Water	113
Pilot Knob	do	60
Manchester	Sewer	90
Total, Missouri (3)		263
MONTANA		
White Fish	Water	135
NEW MEXICO		
Ruidoso	Recreation facility	199
Ruidoso	Airport	279
Lakeshore City Sanitary District	Water	50
Mesilla	Water and sewer	240
Ruidoso Downs	Water	205
Total, New Mexico (5)		973
NORTH CAROLINA		
Dobson	Water and sewer	370
Roper	Water	154
Total, North Carolina (2)		524

[1] This project is being considered for an ARA loan/grant.

Applications pending public facility loans program, as of Mar. 15, 1962—Con.

Applicant	Purpose	Loan amount
OHIO		
Beaver Dam	Water	$85
OKLAHOMA		
McAlester	Parking	60
Canute	Sewer	66
Crowder	Water	27
Canadian	do	35
Crowder-Canadian Public Works Authority	do	218
Checotah	do	181
Wilburton Public Works Authority	do	412
Shidler	Sewer	125
Midway Village Public Works Authority	Water and sewer	466
Canute Public Works Authority	Sewer	76
Ramona Gas Authority	Gas	163
Total, Oklahoma (11)		1,829
PENNSYLVANIA		
Clairton Municipal Authority, Allegheny County	Sewer	1,300
Lorain Borough Authority, Cambria County	do	286
Borough of Glassport, Allegheny County	do	822
Municipal Authority of Borough of Ebensburg, Cambria County.	Reservoir	1,135
Ford City Borough Municipal Sewage Disposal Authority, Armstrong County.	Sewer	1,150
Total, Pennsylvania (5)		4,693
SOUTH CAROLINA		
Belton-Honea Path Water Authority	Water	900
Hanahan Public Service District	Water and sewer	523
Conway	do	425
Total, South Carolina (3)		1,848
TENNESSEE		
Huntsville Utility District	Water	328
Sale Creek Utility District	do	196
Carthage	Water and sewer	300
Fort Loudoun Utility District	Water	440
Dunlap	do	415
Lavergne Utility District	do	400
Smith Utility District	do	950
Prospect-McDonald Utility District	do	270
Algood	do	243
Watertown	Sewer	285
Celina	Water and sewer	325
Cross Plains Utility District	Water	194
Russell-Whitesburg Utility District	do	127
Total, Tennessee (13)		4,473
TEXAS		
Bullard	Gas	175
Azle	Sewer	575
Crystal City	Streets, fire, parks	327
Bridgeport	Street improvements	200
Bogata	Water and sewer	223
Troy	do	200
Barry	do	100
Red Oak	Water	89
Lakeside	Streets, storm drainage	225
Clute	Streets and park	295
Detroit	Water and sewer	180
Total, Texas (11)		2,589
WASHINGTON		
Medical Lake	Sewer	487
Total (135)		73,193

Mr. WOOLNER. That is correct.

Mr. CRAMER. Why hasn't more been obligated if there is such a serious unemployment situation and you are asking for the very authority in this legislation, your agency is, the very authority that you now have and you are not using and you have got $500 million of authority remaining. Now, how can your agency justify asking for more money under those circumstances?

Mr. WOOLNER. One of the factors, Congressman, is that there is no grant provision under the public facilities loan program.

Mr. CRAMER. I am not talking about the loan program. That doesn't affect your loan program.

Mr. WOOLNER. I thought we were talking about the loan program.

Mr. CRAMER. And your answer is that there is no grant program.

Mr. WOOLNER. That is right. And that is why the requests for loans have been rather modest. The need in many of these——

Mr. CRAMER. I don't understand.

Mr. WOOLNER. The need is for additional funds over and above those they might borrow and the need is for some grant funds.

Mr. BALDWIN. Will the gentleman yield?

Mr. Woolner, you mentioned that this program of $650,000 was for communities under a certain size but in the same Housing Act, as I recall, there was an authorization and appropriation of $2 billion for urban renewal.

Mr. WOOLNER. That is correct.

Mr. BALDWIN. Which was not restricted, was available for any size community.

Mr. WOOLNER. That is correct.

Mr. BALDWIN. Now, that as I recall includes grants under the urban renewal program.

Mr. WOOLNER. That is a separate program.

Mr. BALDWIN. What portion of that $2 billion has been committed up to now by your administration?

Mr. CONWAY. We did not bring those figures with us. We can furnish them for the record.

Mr. BALDWIN. Will you furnish that for the record?

Mr. CONWAY. Yes.

Mr. BALDWIN. Because this would be relevant to these hearings.

Mr. CRAMER. The point I am trying to make is that it appears to me the administration is going in all directions at the same time. Now, at the beginning of this year when it looked likely that there was going to be a substantial unbalanced budget, and everybody was concerned about it and concerned about inflation and the effect of an unbalanced budget, the President directed every department, and yours included, did he not, to cut back in expenditures. Isn't that one of the reasons why there hasn't been any more money made available under this loan program? Didn't he order your agency to cut back? Now, he is coming to Congress and saying, please, Congress, give us more authority when we haven't used what we already have.

Mr. WOOLNER. If I could list for you, sir, the applications received by months, I think you will see what has been happening to this program.

(The material referred to follows:)

PUBLIC FACILITY LOANS

Applications received

[Dollars in millions]

Month	Fiscal year 1960		Fiscal year 1961		Fiscal year 1962	
	Number	Amount	Number	Amount	Number	Amount
July	11	$2.4	7	$1.5	29	$15.5
August	10	2.6	8	1.0	14	11.5
September	9	3.7	7	1.0	18	11.7
October	7	1.6	6	1.3	29	6.7
November	4	2.0	2	1.2	28	26.0
December	6	2.2	8	1.2	28	7.5
January	2	.5	7	2.1	26	21.3
February	15	5.6	8	4.7	24	[1] 8.0
March	14	3.4	29	27.0		
April	13	2.3	22	6.3		
May	5	1.5	18	8.2		
June	7	.9	18	13.9		
Total	103	28.7	140	69.4	196	108.2
Average [2]		.279		.496		.552

[1] Estimated.
[2] 1960–62 average, $470,000.

Mr. CRAMER. Yes. But isn't it true that the President sent your agency a directive telling you to cut back?

Mr. WOOLNER. No.

Mr. CRAMER. As he did all other agencies?

Mr. CONWAY. We are not under instructions to cut back in the community facilities loan program or in the urban renewal program. The rate of expenditure in the community facilities program on loans is low in relation to the total authorization because of two factors. One is the newness of the program. Three factors, really. One is the newness of the new authorization, the $450 million last July 1. Two is the population limitations on the communities which exclude from consideration a very substantial portion of the country. And a third factor, that Congressman Blatnik mentioned, many of these communities do not have the skills and the talent on their own payrolls and they need some assistance, and it takes a little longer.

There has been a steady increase in activity in this program, especially in the last few months, last 4 or 5 months. In the urban renewal program, which is a grant program which operates quite differently in a different agency of our Government, of the $2 billion authorization under the Housing Act of 1961, the rate of commitment up to this point is somewhere in the neighborhood of $600 million of that $2 billion.

Where we will end up at the end of the fiscal year we can't tell for sure at this point. We can submit for your information the authorizations for expenditures and commitments that have been made. We are not under the kind of instructions you referred to.

(The material referred to follows:)

Net usage for the urban renewal program from July 1, 1961 through March 16, 1962, amounted to $570,800,000.

Mr. CRAMER. When the President said all agencies are going to be instructed to cut back, he didn't mean what he said, apparently, if he didn't so instruct your agency as well.

Mr. WOOLNER. I think if you consider the rate at which applications have been received over the last several years you will find some indication as to how this program is moving. For the fiscal year 1960, the agency received a total of 103 applications for $28,700,000. For fiscal year 1961, prior to the passage of the 1961 Housing Act, of course, we received 140 applications totaling $69,400,000. For the first 8 months of 1962 we received 196 applications for a total of $108 million. So that this year the applications received will be more than double those of the previous year.

Mr. CRAMER. In which program is that?

Mr. WOOLNER. This is in the public facilities loan program.

Mr. CRAMER. Are you doing anything to accelerate processing those?

Mr. WOOLNER. Yes.

Mr. CRAMER. If there is such an unemployment problem, are you accelerating the processing of applications?

Mr. WOOLNER. Yes; we are. Let me give you the approval rates.

For the same years, the fiscal year 1960, we approved 66 loans for a total of $21,400,000. For fiscal year 1961, 87 loans, for a total of $17,600,000. Through February of 1962, for the first 8 months of fiscal 1962, 115 loans for a total of $53,600,000. So that with two-thirds of the year gone, we have tripled the dollar volume of 1961 and done approximately 50 percent more in terms of numbers of projects.

Mr. CRAMER. And this should help the unemployment situation?

Mr. WOOLNER. We believe so; yes.

Mr. CRAMER. And you still have $500 million not obigated in Housing. You have got $1.4 billion not obligated. So you have a total of nearly $2 billion in your agency alone that hasn't been obligated to be used to accelerate doing the job under title 7 of this bill. The thing I am concerned about under this legislation, is the proposal to give you a blank check without writing in any substantial criteria that relate to types of projects, as is written in the present legislation. Wouldn't it be a better approach, as it relates to your agency to consider amendments to the basic legislation to be triggered off by congressional action in case of unemployment?

Mr. CONWAY. Congressman, we explained in connection with the public facilities loan program that it is moving more rapidly but its initial slowness in responding was the fact that it is limited to small communities. This bill would in effect take the population ceiling off that program and would couple with it grants in combination with loans which would accelerate the program tremendously. There is no question about that.

As far as urban renewal programs are concerned, this is not a program that would fall in the category of a public works program. The leadtime on urban renewal projects is such that they exceed the 12-month limitations that are in this bill. From the time of conception of an urban renewal project in a city of any size, big or small, it takes a certain amount of time to progress to the point where you have public hearings, where you can get the approval to proceed. You have to go through court condemnations. It is a leadtime problem that can range anywhere from 18 months to 3 or 4 years in some cases. So that increasing the tempo of the urban renewal program is not an answer to the immediate unemployment problem situation.

Mr. DOOLEY. Just a point of information. When a loan is made for urban renewal proposed projects and the project is turned down, is that interest-free loan repaid or is it a percentage that is repaid?

Mr. WOOLNER. You are talking about the public facilities loan program, the advance planning?

Mr. DOOLEY. Right.

Mr WOOLNER. Well, in the advance planning program, Mr. Congressman, the advance is repayable to the Federal Government upon the start of construction.

Mr. DOOLEY. That comes right out of the grant, of the loan itself. But suppose the project is turned down. Is the money paid back?

Mr. WOOLNER. Well, we made the advance on the reasonable assurance from the community that it has the financing available.

Mr. DOOLEY. I see. Only then.

Mr. WOOLNER. Yes.

Mr. DOOLEY. I thought that the study made some time in advance of the final approval——

Mr. WOOLNER. We don't advance money for feasibility studies, only for preliminary or final planning.

Mr. DOOLEY. I see. Thank you.

Mr. BLATNIK. Mr. Robinson?

Mr. ROBISON. In connection, Mr. Conway, with your answer to Mr. Cramer of Florida, I understood you to indicate that one of the reasons the community facilities loan program doesn't go as rapidly as it could is because of this limitation on community size. On the other hand, in your own statement it appears that because of the 12-month limitation for completion of the construction, most of the facilities that would be built either under the $600 million or the $2 million standby authority would be pretty well limited to smaller, less costly construction projects.

Mr. CONWAY. No, sir. I'm sorry. If I gave that impression, I'm sorry. What I am saying is that the present program that we have is limited to communities of 50,000. There is a tendency for those communities to express an interest in the advance planning. There are many other communities of larger size who carry on their own planning on an ongoing basis, many municipalities, and they will be eligible under the administration bill here for grants and loans for the same kinds of things—water-sewage systems, and so on—without regard to population.

Mr. ROBISON. I thought we were talking about construction loans in connection with Mr. Cramer's questions; construction loans under the Public Facilities Act. This program didn't go as far as it might because of the limitation with respect to community size. Is that correct?

Mr. WOOLNER. Mr. Congressman, the limitation as to size of the community would not necessarily refer to size of the project. You could develop many projects within the 12-month limitation in larger communities.

Mr. ROBISON. Undoubtedly within certain areas, but in the area of waste treatment facilities, for instance, the 12-month limitation is going to rule out the larger communities there, is it not?

Mr. WOOLNER. If it involves a treatment plant, yes. If it involved development of laterals, possibly no.

Mr. ROBISON. If we are talking about the small libraries, firehouses, police stations, that is something else? Incidentally, one more question, Mr. Chairman.

I notice the definition of "capital improvement" in the bill includes civil defense facilities. You haven't mentioned that. I would assume that this would permit a grant to an eligible public body of 50 percent of the cost of a fallout shelter plus a loan to that public body if eligible, and also about a loan to a nonprofit organization such as a groups of neighbors who wish to construct a fallout shelter. Would this be true?

Mr. WOOLNER. I believe the grant section is limited only to public bodies.

Mr. ROBISON. Correct, but loans then to nonprofit organizations such as might be created by a group of neighbors that wanted to build a neighborhood-type fallout shelter.

Mr. CONWAY. I think the loans would be limited to those nonpublic bodies which are eligible for grants under other ongoing Federal programs.

Mr. ROBISON. In any event, the President has made a proposal to Congress in this area and this would permit, if this bill became law, at least something in the way of a start on his recommendations before Congress had actually considered the merits thereof, would that be true?

Mr. CONWAY. No. If that other proposal were passed by Congress and became an ongoing program, then conceivably——

Mr. ROBISON. I understand that. So there could be a start on a fallout shelter program here. I asked that question because I have constituents who are very vocal in their opposition to a national fallout shelter program. Mr. Chairman, I suppose we all have. I don't take that position necessarily myself but I am aware that such opposition exists.

Mr. BLATNIK. Any further question?

We thank the witnesses. Thank you for your assistance, and you are dismissed.

The hearings—may I inquire first, we have got three more witnesses. Dr. Selke of Agriculture, would you be able to be here at 2 o'clock?

Dr. SELKE. Yes, sir.

Mr. BLATNIK. And Mr. Stoddard, at 2 o'clock?

Mr. STODDARD. Yes.

Mr. BLATNIK. And is Mr. Alan Dean here? He is not here.

The hearings are recessed until 2 o'clock this afternoon.

(Whereupon, at 12 noon, the hearing was recessed, to reconvene at 2 p.m. on the same day.)

AFTERNOON SESSION

Mr. BLATNIK (presiding). The House Public Works Committee will come to order and resume its public hearings on the Public Works Stand-by Capital Improvements Act of 1962.

We will change the order of witnesses. Mr. Alan L. Dean, who is scheduled to be last, and who hoped to be on this afternoon, will be our next witness.

Mr. Dean, the Deputy Administrator for Administration, of the Federal Aviation Agency, is leaving town and is catching an airplane within an hour and a half. His testimony is not long.

So will Mr. Dean come forward first?

STATEMENT OF ALAN L. DEAN, DEPUTY ADMINISTRATOR FOR ADMINISTRATION; ACCOMPANIED BY DAGGETT H. HOWARD, GENERAL COUNSEL; AND CLARKE HARPER, DIRECTOR, OFFICE OF THE BUDGET, FEDERAL AVIATION AGENCY

Mr. DEAN. Mr. Chairman, I have with me, to my left, Mr. Clarke Harper, Director, Office of Budget, Federal Aviation Agency; and to my right, Mr. Daggett H. Howard, the General Counsel for the Federal Aviation Agency, who will be of assistance in the questions raised by the committee.

I have a short statement.

Mr. FALLON (presiding). Mr. Dean, I am sorry, but will you introduce the two gentlemen who accompany you today for the record?

Mr. DEAN. I would be glad to do so.

Mr. Clarke Harper, to my left, is Director, Office of the Budget, of the Federal Aviation Agency; and Mr. Daggett H. Howard, to my right, is the General Counsel for the Federal Aviation Agency.

Mr. FALLON. May I, on behalf of the committee, welcome you gentlemen here this afternoon?

Mr. DEAN. Mr. Chairman, on behalf of the Administrator of the Federal Aviation Agency, it is a privilege to appear before this committee and to have an opportunity to present the views of our Agency.

Our comments will relate to H.R. 10113 and H.R. 10318, similar proposals relating to the acceleration of capital expenditure programs.

H.R. 10318 would provide standby authority to enable the President to take quick and effective action to stimulate the economy by inaugurating a program of needed capital improvements when unemployment indicators and other economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives of the Employment Act of 1946. The proposal would also provide the President with authority immediately to increase expenditures of authorized Federal programs of capital improvements previously authorized by law, and to furnish an incentive to State and local bodies to accelerate their capital improvement programs.

The Federal Aviation Agency believes that it is highly desirable for the President to be supplied with standby authority to take quick and effective action to stimulate the economy when there is evidence of a recessionary trend. This authority should be in place so that action can be taken promptly to strengthen the economy when the need arises without the kind of delays required to secure new legislation or any additional appropriations.

As between the two bills, our major objection to H.R. 10113 is that it would create an additional Government agency. I don't, by such a statement, mean to imply that creation of additional Government agencies is necessarily, in itself, bad. However, we believe that additional Government agencies should be established only upon a finding

of clear and sufficient need. There does not appear to be a clear and sufficient need in this case.

H.R. 10318 would permit existing agencies to conduct all planning, administration, and coordination and thereby eliminate the need for a special public works coordinating agency. We believe that acceleration can best be carried out by those agencies which are presently engaged in coordinating public works and capital improvements and other programs on behalf of the President.

Most of the direct capital expenditures of the Federal Aviation Agency are for the procurement and installation of air traffic control and air navigation facilities required for safety and efficiency in the use of the Nation's airspace. It is now expected that as much as $1 billion could be advantageously used by the Agency over the next 5 years in the modernization of such facilities. Other direct capital expenditures will be made for improvements in and additions to our airports in the National Capital area and for the construction of laboratories and test facilities at our National Aviation Facilities Experimental Center at Atlantic City.

The Federal Aviation Agency's only grant-in-aid program assists State and local public authorities in the construction and improvement of airports. The Federal assistance level is now $75 million per year. Estimated national public airport requirements for the next 5 years total in excess of $1.1 billion.

However, both the direct construction and grant-in-aid programs of the Agency entail substantial advance planning and the procurement of highly specialized equipment. As a result, the FAA has only about $72 million in projects not presently funded which it could initiate and complete within the 1-year limitation set forth in H.R. 10318. We estimate that we could expand our program an additional $400 million within 90 days, but these projects could not be completed within 1 year. I have attached to this statement a breakdown of these projects.

The Agency also favors the authorization of the $600-million capital improvements program for areas of substantial unemployment recommended by the President.

If projects financed under this proposal must also be completed within 12 months after initiation, the total program which FAA could undertake would necessarily be limited to a fraction of the amounts which I have already cited. Our ability to concentrate capital improvements in economically depressed areas is, unfortunately, severely limited by the fact that air navigation facilities must be placed where they are capable of contributing to the national airways system. We will, however, use every possible leeway in giving priority attention to those needs of the Nation's air transportation system which can be met by capital improvements in depressed areas.

In summary, the Agency is eager to do all that it can to ward off recessions and to assist economically depressed areas. Funds made available under the capital improvements program would be used to finance carefully planned and urgently needed additions to our airways system.

This is our statement, Mr. Chairman. We would be pleased to answer any questions the committee might have.

(Attachment 1 referred to is as follows:)

ATTACHMENT 1.—*Federal Aviation Agency's possible contribution toward a capital improvement acceleration program under H.R. 10318* [1]

[In millions of dollars]

Program	Obligations for programs that can be completed within 12 months	Obligations for programs taking substantially longer than 12 months to complete
Procurement and construction of air navigation facilities	$13	$257
Airports, grants-in-aid	35	95
Construction at National Capital airports	9	13
Construction of training and research facilities	15	35
Total	72	400

[1] The majority of the items included are not currently funded but will be needed by the Agency within the next several years.

Mr. FALLON. Thank you very much, Mr. Dean.

Are there any questions, Mr. Blatnik?

Mr. BLATNIK. That is a very good and concise statement on a very excellent program, a very badly needed program.

Mr. Dean, you talk about direct capital improvement expenditures by the FAA for procurement and installation of aircraft control and air navigational facilities required for safety. Are these navigation aids and other safety facilities installed with 100 percent Federal grants or Federal moneys?

Mr. DEAN. Yes, sir; these are entirely Federal funds.

Mr. BLATNIK. You are going to install these on municipal airports across the country?

Mr. DEAN. The purchases for navigation aids are entirely out of Federal appropriations made to the Federal Aviation Agency.

Assistance to airports, except those in the National Capital area, is in the form of grants.

Mr. BLATNIK. Yes. So you would be able to take part and insure that the allocation of the moneys allocated to you were made available for grants for labor areas.

You would be able to take part in that?

Mr. DEAN. We could, Mr. Blatnik. We could make use immediately of about $72 million.

Mr. BLATNIK. What is your annual spending?

I thought that was $72 million a year now. Is it $75 million?

Mr. DEAN. $72 million, in additional projects, could be put under construction, or procurement, if we had money from——

Mr. BLATNIK. In addition to the current——

Mr. DEAN. In addition to the current program.

Mr. BLATNIK. Which is what amount?

Mr. DEAN. The current program in facilities and equipment of the Agency is around $120 million.

Mr. BLATNIK. That is all, Mr. Chairman.

Mr. BALDWIN. Mr. Chairman?

Mr. FALLON. Mr. Scherer?

Mr. SCHERER. No questions.

Mr. BALDWIN. Mr. Chairman?

Mr. FALLON. Mr. Baldwin?

Mr. BALDWIN. Mr. Dean, could you tell me the amount appropriated last year and in previous years for these air traffic control and air navigation facilities, and of that amount, what amount as of now is still unobligated?

Mr. DEAN. Approximately $180 million is unobligated at this time.

Mr. BALDWIN. Which you could spend, therefore, at any time?

Mr. DEAN. No, sir. The unobligated money is at various stages of planning within the Agency. It may be a number of months before we would be able to actually enter into contracts in some cases. It is money on which we do have the funding, the approval by the Congress, and plans are being made to spend that money at this time.

Mr. BALDWIN. Now, secondly, on the grants in aid——

Mr. SCHERER. Would you yield for a question, one question?

Mr. BALDWIN. All right; yes.

Mr. SCHERER. You could accelerate the spending of that $180 million of unobligated moneys for which you are in the process of making plans, et cetera, could you not?

Mr. DEAN. Not very much. The Agency right now, under a sense of urgency to modernize needed air navigation facilities, is moving ahead about as rapidly as its resources permit to buy complex electronic equipment. This requires finding a manufacturer who can build it, assuring its good quality to meet our tests, and installing it in the field, all of which is a rather complex job.

Mr. BALDWIN. Well, then you are implying you could not use any other additional funds?

Mr. DEAN. No; the additional money which we say we could use would be for projects we do not now have funded, but which by their nature we could get underway and complete in 1 year.

You see, every dollar we now have available, even that which is unobligated, is for the purpose of financing individual projects which were presented to the Committees on Appropriations.

Mr. BALDWIN. Could I ask a second question?

On the grant-in-aid program of $75 million a year how much presently is unobligated that has been appropriated by Congress in past years for the grant-in-aid program?

Mr. DEAN. Around $90 million at the end of February.

Mr. BALDWIN. Could you not speed up the distribution of those funds?

Mr. DEAN. Grants-in-aid are particularly difficult to speed up because we rely, naturally, upon the rapidity which the community can complete its planning, get its necessary local approvals and get the project underway.

We have done everything we could in the last several years to keep this Federal aid to airports program moving.

Now, if we were to get funds for projects that are not now included in our program but which, by their nature, could be rather quickly installed, then we could productively use additional money for Federal grants-in-aid for airports.

Mr. BALDWIN. Well, I am a little bit confused by the fact that on the two existing programs you are trying to assure us you cannot speed them up but on anything that has to be started from scratch you say you can do it much more rapidly.

Mr. DEAN. I think we can clarify that by explaining how we operate in both areas. I mentioned previously, with respect to navigation facilities, we come before the Appropriations Committee with specific indicatons as to how we will use that money. These are funded projects. We do not obligate the money, however, until we can enter into a contract.

We are always able to use productively additional funds which, for various reasons, the Agency did not receive, for certain desirable projects.

The same thing applies to Federal grants-in-aid. There is a national airport program. We develop that program annually and we allocate funds to specific communities, and this is a bond of honor on the part of the Government.

Now, after allocating the $75 million that is available in a given year, additional needs remain unmet. We are telling the committee that, if additional funds were made available, we could both advance our program for navigation aids in unfunded areas and also increase the number of airport assistance projects which we can support.

Mr. DOOLEY. Will the gentleman yield?

Mr. BALDWIN. Yes.

Mr. DOOLEY. In the course of your statement you mentioned that you thought the President should have standby authority. Have you found the Congress to be derelict or slow in functioning or, as the case last year, when we had the aviation bill up, have we been slow or derelict or deficient in our actions or what?

Mr. DEAN. Mr. Dooley, I can assure you the Federal Aviation Agency feels that the Congress has always treated it with consideration and with a sympathetic understanding of its programs. But it is also true that the Congress is not in session at all times and that the very process of presenting proposals for additional funds or additional legislative authority is time consuming no matter how rapidly the Congress attempts to solve the problem, sir.

All I was saying in my statement was that, if you wish to be able to move very rapidly at the time a recession appears to be underway, it seems to this Agency that the President should have at least some authority of a standby character, conditioned by standards such as those in the proposed bills, which he can use as soon as the need arises.

Mr. DOOLEY. As a matter of urgency, the Congress could be called back in a matter of 24 hours, but this is going pretty far in giving the President practically a veto, and giving him the power to allocate funds that are unobligated and using them for purposes other than that for which they were intended.

Mr. DEAN. Mr. Dooley, the President has made this recommendation. The Agency, out of its experience, supports that recommendation. Of course, it is up to the Congress to decide how much of this authority it wishes to grant the President.

Mr. FALLON. Mr. Harvey?

Mr. HARVEY. I wonder if the witness could tell me if you have any projects at the present time in the so-called depressed areas.

Mr. DEAN. Numerous of our projects are located in depressed areas—particularly if you include the additional 135 areas mentioned by the President in his request for $600 million in additional funds.

We have, for example, in one depressed area, Atlantic City, N.J., our great National Aviation Facilities Experimental Center, an installation which largely consists of temporary buildings inherited from the Navy, and which needs to be extensively improved and modernized and where we now have some active construction projects.

This is the type of area where we would try to do as much as we could if additional funds were made available.

Mr. HARVEY. Well, let me ask you this: Have any of these municipalities or other areas made application, that you know of, to the area redevelopment authority for help from you along the lines of these airports projects? Do you have any in the works right now for runways or towers or any other projects under the area Redevelopment Act, because they would go through you even though, as I understand it, the funds would come from the ARA?

Is that correct?

Mr. DEAN. I am not familiar with the details of how the ARA administers its program. I am not aware of any airport projects that have been initiated by them at this time.

Mr. FALLON. Are there any other questions?

Mr. Dean, thank you and your associates very much for coming down here today.

Mr. DEAN. We thank the committee.

Mr. FALLON. Mr. Charles Stoddard. Mr. Stoddard?

STATEMENT OF CHARLES H. STODDARD, DIRECTOR, RESOURCES PROGRAM STAFF; ACCOMPANIED BY MARK B. WELT, BUDGET FINANCE OFFICER, BUREAU OF LAND MANAGEMENT; AND JAMES C. RETTIE, SENIOR ECONOMIST, RESOURCES PROGRAM STAFF, DEPARTMENT OF THE INTERIOR

Mr. FALLON. Mr. Stoddard, will you give to the reporter your full name, title, and Department, and will you introduce your associates?

Mr. STODDARD. My name is Charles H. Stoddard. I am the Director of the Resources Program Staff, Department of Interior.

I have with me Mr. James Rettie, who is the Chief Economist on our staff, and Mr. Welt, who is the Budget and Finance Officer in the Bureau of Land Management.

Mr. FALLON. Thank you, Mr. Stoddard.

On behalf of the committee, I want to thank you and your associates for coming here today and I want to say that we appreciate very much your coming down here today.

You may proceed, Mr. Stoddard.

Mr. STODDARD. Mr. Chairman and members of the committee, the Department of Interior appreciates your invitation to appear before you today. The proposal you are considering would give the President standby authority to proclaim contrarecession capital improvements programs. We believe that proposal has great merit, and we favor enactment of legislation along the lines of H.R. 10318 and other identical bills. Our formal report on H.R. 10318 recommends a slight amendment to make clear that Indian resources would be included.

Previous witnesses from the executive branch have discussed the main economic and social objectives sought in the proposed legisla-

tion. The Department of the Interior is fully in accord with those objectives.

We are particularly interested in capital improvements that would be made in natural resources. There is a large backlog of such investments that should be made to stimulate and sustain long-term economic growth. Most of that investment brings forth products and services that add to our national productive powers. It is not "make work" in any sense of that term. Much of that investment, however, involves a relatively high percentage of direct expenditure for labor, and much of it would be located in rural communities that have problems of unemployment or of underemployment.

Our purpose in this statement is briefly to indicate the kinds of projects and of project work that could be carried out by the Department of the Interior—if the proposed legislation were to be enacted.

The term, "capital improvement project," as we understand it, would include a complete facility, such as a national park visitor center, and also a discrete sector of larger undertaking, such as a section of parkway, that would normally be initiated and finished under a separate construction contract. We use the term, "project work," to describe that type of capital improvement that does not involve a physical structure, but is a measure for the improvement of resource productivity of usefulness, such as tree planting and range improvement. In all cases we refer to capital improvements that can feasibly be planned and carried out in units requiring 1 year or less from time of initiation to time of completion.

PROJECTS THAT WOULD QUALIFY

Range improvement and rehabilitation

The Department of the Interior administers 181 million acres of Federal land on which livestock are grazed under permit. Large acreages need improvements that will conserve soil and moisture and increase forage production. Such improvements involve: 32 million acres needing brush control; 12 million acres needing to be seeded; 16 million acres needing weed-control treatments; over half a million water development and water control structures should be constructed; more than a thousand miles of fencing is needed to obtain better distribution of grazing animals and better timing of grazing use; there is also need for improvement of wildlife habitat, particularly on lands used as winter range by big game.

Interior provides technical and other assistance to Indians in the management of their grazing land. Much of that land is also in need of improvements and rehabilitation. None of this work requires a long period of time for plant preparation. All of it involves a high percentage of expenditure for labor. Most work projects of this type could be started on short notice and carried to completion within 1 year.

Not all of the work could be done in a year that needs to be done but taking an area at a time and getting a project completed in a particular area and then we can stop it if it is so indicated.

Improvement of forest resources

Some 50 million acres of commercial forest land are administered by the Department of the Interior. This includes about 6.5 million acres of forest in the Indian reservations.

Capital improvements needed on these forest lands involve tree planting, or some other means of establishment, on 520,000 acres and timber stand improvement measures on 1,150,000 acres. Timber stand improvement includes measures such as thinning, pruning of tree crops, removal of nonmerchantable cull trees, and various other operations to increase growth and to improve the quality of salable timber products.

Other capital improvements needed on the forest lands include better facilities for fire protection, especially in Alaska; and facilities for better protection against insects and disease, especially in areas of infestation and of high risk.

Work projects relating to forestry can readily be planned and carried out under flexible timing of operations.

Improvements on the national wildlife refuge system

The national wildlife refuge system, administered by the Department of the Interior, comprises 284 refuges containing some 28 million acres. These areas have been established for the preservation and conservation of water fowl, big game, upland game, rare and endangered species, and for public fishing and hunting where that is desirable from the standpoint of management.

Capital improvements constantly being made on the refuges include water control works, small structures of various types, boundary fencing, roads and trails, development of camp and picnic grounds for public use, and various other facilities. Almost none of these improvements involves heavy construction. Most of these projects can be scheduled for completion within short periods of time.

Interior also operates 100 fish hatcheries. Capital improvements at the hatcheries involve buildings of various kinds, ponds, and water supply facilities—again, all light construction that can be completed within short periods of time.

Closely related to the national system of wildlife refuges and fish hatcheries is the State system of refuges and hatcheries. Interior administers a grant-in-aid program of financial assistance to the States to assist in their wildlife management programs. Acceleration of the States program of capital improvements on their refuges and their hatcheries (heretofore not assisted) by short-term grants in aid would be entirely practicable. Such improvements would not necessarily be limited to facilities on refuges and at hatcheries. Improvements to fish and wildlife habitat are now being made under the existing grant-in-aid program, and such work could readily be accelerated for periods of 1 year or less.

Highways and roads

Department of the Interior has responsibility for planning and construction of the road system within national parks and national monuments. In some cases, it also plans and builds entrance roads to such areas. It also has responsibility for planning and construction of those highways which Congress has designated as national parkways. Both programs could readily be accelerated for periods of 1 year or less.

Interior is likewise responsible for planning and construction of the local road system within Indian reservations. Many of these reservation roads are not usable by vehicles during part of the year.

Where such conditions prevail, they constitute a serious handicap to economic development of reservation resources and to the schooling of Indian children. A sizable program for the building of local roads on Indian reservations is urgently needed. And it could easily be handled in units that would qualify under the proposed program for accelerated capital improvements.

Finally, Interior is responsible for planning and construction of the local road system on the public domain. Some of those roads are being financed out of proceeds from timber sales. But that source of funds is available only within forested areas of the public domain and within the general area of the revested Oregon & California Railroad land grant. Elsewhere, there are critical needs for developmental roads to make resources economically available, to facilitate more adequate protection against fire, to facilitate more intensive management of resources, and to make certain areas available for public recreational use.

Mr. DOOLEY. Mr. Chairman, since we still have another witness to go this afternoon, would it not be wise to have the witness summarize his statement instead of giving it in full?

Mr. FALLON. Well, that is a very good suggestion, Mr. Dooley, if the witness would like to file his complete statement for the record or try to summarize it.

Mr. STODDARD. I will try to do so.

Mr. FALLON. Without objection, it is so ordered.

Mr. STODDARD. Public recreation facilities: Capital improvements to accommodate public recreation are a critical need in most of the national parks and national monuments, at reclamation reservoirs, at many of the wildlife refuges, and at certain locations on the public domain. Such improvements include a very wide variety of facilities ranging from the types constructed in the national parks to boat-launching ramps and the familiar picnic area—equipped with tables, a water supply, and a sanitary facility. Virtually all projects of this kind can be initiated and completed within short periods of time.

Extensive recreational facilities are contemplated for Indian lands. At the present time there are no firm estimates about the amount of work involved, but extensive improvements are highly desirable—not only to meet the needs of the Indian people, but also to develop the tourist business and the income which the Indians would gain therefrom.

Grants-in-aid that would be available under the proposed legislation would be very attractive to the States for use in capital improvements in the State parks system. In general, the State parks get heavier use than most Federal recreational areas. Financial assistance to States for purposes of park improvement would, undoubtedly, be utilized.

Water facilities

Department of the Interior administers the Small Reclamation Projects Act—a Federal loan program to assist in the construction of small projects by districts or other locally organized agencies. As of June 30, 1962, some $58 million of loans had been approved. Another $20 million of loan applications had been received. Some of these projects may be too large to be initiated and completed within 1

year. But many would qualify under the proposed accelerated capital improvements programs. And there is a distinct probability that many more small projects would be planned to meet requirements for short-term construction schedules—if loans and grants become available under such conditions. Small reclamation projects require individual project authorization by the Congress.

There are approximately 870,000 acres of Indian lands under irrigation project works. The irrigation and power construction and rehabilitation and betterment programs on these lands could be accelerated to the extent of doubling the present amount of appropriation for this work. The types of work involved include replacement, enlargement, extension, relocation, canal and lateral lining and upgrading, enlargement and extension of project power systems.

In addition to new projects, there are substantial opportunities for sound investment in the replacement of obsolete and wasteful irrigation canals and other irrigational facilities. Most of these are owned by local irrigation districts that would welcome any type of financial assistance that might become available under the proposed legislation.

There is also the possibility for organization of many small districts in the eastern section of the United States—where supplemental irrigation has been developing to an impressive extent.

Construction and reconstruction of field laboratories

Many agencies of the Department operate field installations of various types. Examples include the laboratories of the Bureau of Mines, Bureau of Sport Fisheries and Wildlife, Bureau of Commercial Fisheries, and the stream gaging stations of the Geological Survey. Some of these are obsolete and could well be replaced during periods of accelerated capital improvements. In other cases, new facilities have been authorized and could be constructed as funds become available.

Other types of conservation projects

The field of possibilities for sound investment in resource conservation is very broad. Some, heretofore not well developed, include the sealing off of drainage from abandoned coal mines, restoration of cover on strip mine spoil banks, stream bank stabilization to reduce siltation and improve fish habitat, and a host of other possibilities. All work of this kind can readily be planned and accomplished in project units that occupy 1 year or less.

PROJECTS THAT MIGHT NOT QUALIFY

The only Department of the Interior projects that might not qualify for participation in the proposed accelerated capital improvement programs are the large dam construction projects of the Bureau of Reclamation and the large power transmission projects of the power marketing agencies.

But even with these, the case against them is not conclusive. All projects, no matter how large, are normally subdivided into contract units, initiated and completed within relatively short periods of time. The objective sought in the proposed legislation is not completion per se within 1 year, but actually quick acceleration of capital expenditure followed by quick tapering off, all within 1 year.

That same economic effect can be obtained by temporary acceleration of an ongoing project. The only problem is not whether a given project can be initiated and completed within 1 year, but whether an ongoing project can be accelerated temporarily, without incurring undue costs or other undesirable consequences. We think this matter will deserve careful study.

NO SPECIAL PROBLEMS OR DIFFICULTIES FORESEEN

So far as can be seen at present, the proposed legislation would not involve any special problems or difficulties for the Department of the Interior. Planning and budgeting procedures, up till now, have not made clear distinctions between capital improvement projects that can be initiated and completed within 1 year or less, and those which require longer. But that distinction could readily be developed for most of Interior's activities in a few months' time. If the proposed legislation were enacted, Interior would immediately undertake establishment of a continuous inventory of projects and project work eligible for accelerated capital improvements financing.

BACKLOG OF PROJECTS ON HAND

The volume of eligible projects and project work now programed, or in process of being programed, by the Department of the Interior hasn't yet been fully canvassed. Our incomplete figures add up to about $1.5 billion. The composition of that $1.5 billion is as follows:

	Millions
Soil and moisture conservation	$540
Commercial forest improvements	50
Public recreation facilities	260
Highways, roads, and trails	650
Total	1,500

A preliminary survey made some months ago in the Department of the Interior (at request of the U.S. Arms Control and Disarmament Agency) on public investment needs in the whole field of natural resources indicated a total of well over $200 billion. I mention that estimate only to stress the point that there is no scarcity of excellent public investment opportunities in resource conservation and development. And many of these are investments we simply must make if we are to keep an adequate resource base under the Nation's economy.

This could be necessarily programed over a long period of time. I want to make it clear that investments in natural resources yield timber in the future. They reduce siltation and, in general, contribute to the economic growth in the long run as well as in the short run.

Thank you very much.

Mr. BLATNIK. Well, the prepared statement is a very comprehensive summary of the programs under the jurisdiction of your Department of Interior.

Are there any questions?

Mrs. PFOST. Mr. Chairman? I am sorry.

Mr. WRIGHT. After you.

Mr. BLATNIK. Mrs. Pfost?

Mrs. PFOST. I should like to ask a few questions of Mr. Stoddard regarding improvements to forest resources.

I believe that Idaho does not come under the regular program. At least, I did not see that it was listed here on our list of States, but we do have five counties in north Idaho that come under the area of redevelopment because of the unemployment situation.

In what way we would be able to qualify in north Idaho to come under the improvement of forest resources, planting new trees and that type of thing, is a very important project so far as my district is concerned.

Now, how would we be able to go about getting some funds to do this important work?

Mr. STODDARD. This would be primarily national forest lands, I presume.

Mrs. PFOST. Much of it would be. In fact, the only program that I know of, of course, except a few—a few of the lumber companies have done some reforestation work but this would largely be under national forest lands that I am speaking of.

Mr. STODDARD. Well, the Forest Service of the Department of Agriculture fellows are here, but I think that that type of program would be a direct program and work much sooner than those lands that we are responsible for, if money were transferred from this program to the Forest Service or to the Bureau of Land Management, in case the Bureau of Land Management has some lands, we could get this reforestation improvement work underway quite rapidly.

Mrs. PFOST. There may be some of this land under that that is in the five counties.

In southern Idaho, and still within my district, there are more Bureau of Land Management lands than there are in these five counties.

I do not know exactly what the breakdown is insofar as those are concerned, but providing we determine that there are some Bureau of Land Management lands which you particularly would be interested in how might we start best?

Mr. STODDARD. Well, the Department is in the process now of getting an inventory of what kinds of work is needed on lands, on the public lands, as to whether it is reseeding or reforestation or water control or whatever the particular practice is called for in the particular land use, so that we will be able to have that kind of information almost area by area.

And then it would be presumably up to the Congress to make funds available for the particular kinds of work, and under this program, if money were made available to the Department for these conservation measures presumably it would be spread around the country evenly, and I assume that Idaho would be included.

Mrs. PFOST. One of the things that we need in that area particularly is roads and especially in Minidoka County, which is one of the distressed areas, distressed counties, and I am wondering how—I noticed in reading your statement that you call attention to the fact that roads, that there are critical needs on page 5, in the lower portion of your statement where you say:

elsewhere, there are critical needs for developmental roads to make resources economically available, to facilitate more adequate protection against fire, to facilitate more intensive management of resources, and to make certain areas available for public recreational use.

Now, have you given any real consideration to what percentage of your funds will be spent on roadbuilding in these areas?

Mr. STODDARD. The actual scheduling of the roadbuilding is being done by, primarily by, the Bureau of Land Management and the Park Service and the Bureau of Indian Affairs for various areas.

Of course, as these funds become available, I am sure they do have plans for the construction of the roads.

Mrs. PFOST. Now, would this road construction money be available, in your opinion, for putting or building a road in to replant an area that may have been burned over? Would funds be available under this program for that?

Mr. STODDARD. I would presume so. It would almost have to have a plan of access. If you are going to intensively manage a forest area you have got to be able to go in and not only plant the trees but be able to continue it and go in later on and carry the crop all the way through so this roadbuilding would precede almost anything else.

Mrs. PFOST. In your opinion, then, these five counties might come under the program for such type of resource development as tree planting, and as fish hatcheries that you mentioned. Now, we might even be able to put a new one in, we will say, a new hatchery in, possibly, north Idaho if a community desired to do that and underwrite a portion of the expense. Is that true?

Mr. STODDARD. I would assume that in this case a fish hatchery, in that case, probably the State would have to be the sponsor because the State conservation department usually does the continuing administration unless it is set up as a fish hatchery of the Bureau of Sport Fisheries and Wildlife.

I mean, there are those alternatives. These are the kinds of things that you know better than I, that would have to be negotiated out during the process of the program.

Mrs. PFOST. Yes. Well, I am heartened to hear that possibly an area like my own, that I am speaking of, might benefit under this, because we have a very serious problem in north Idaho.

We have the problem of being joined onto Canada and of the Canada lumber coming down through Idaho and having a freight rate differential that is in their favor and the imported lumber from Canada is imposing a tremendous problem to north Idaho and, of course, the mining industry is in the doldrums up there also, and so when you consider that those two very important segments of the economy, therefore, are involved, I certainly feel that we need to have something that will stimulate some employment and to carry over or carry us over the rough months so that these people may be able to stay in business either my making temporary money through roadbuilding or possibly these other activities of the plantation which will actually put men on the payrolls. So I thank you very much for your testimony, Mr. Stoddard.

Mr. STODDARD. That is the program for the rural areas that have these types of problems.

Mrs. PFOST. Thank you again, Mr. Stoddard, and thank you, Mr. Chairman.

Mr. BLATNIK. Mr. Wright?

Mr. WRIGHT. Mr. Stoddard, I was very interested in your statement. I think it was a very good one.

I am particularly interested in some comments you made toward the beginning of your statement, appearing in the last paragraph on page 1 of your printed statement wherein you said—

> We are particularly interested in the capital improvements that will be made in natural resources.
>
> There is a large backlog of such investment that should be made to stimulate and sustain long-term economic growth. Most of that investment brings forth products and services that add to our national productive powers.

I think you and the Department regard as one of these resources the development of which does add to our long-term economic growth the resource of oil, do you not?

Mr. STODDARD. Yes, sir.

Mr. WRIGHT. You are aware, are you not, Mr. Stoddard, that most of the exploration and discovery of oil in the United States has been accomplished by the independents, the relatively small operators, who have gone out with a rig and rabbits' foot, as it were, and discovered oil in these fields. You are also aware, are you not, of the problems that we are having in some parts of the United States, and particularly in my State of Texas, where oil drilling has been limited by our railroad commission on a proration basis to only 8 days a month?

I expect you may know that in a 19-county west Texas area there were, 2 years ago, some 275 rotary drilling rigs in operation.

Today there are only 40. Do you not feel that the long-term goal of maximum development and discovery in the oil industry should be geared with an appreciation for the survival of the independent operator as opposed to the further concentration of monopoly in that field?

Mr. STODDARD. Well, if you want a personal opinion, I happen to agree with you. And I believe this is the general position that the administration is taking. However, I am not prepared to discuss this in relation to this particular piece of legislation. I really have not given it thought as to how your question may relate to the particular issue.

Mr. WRIGHT. I am not at all sure how it does either, Mr. Stoddard. It may be that the question could be somewhat extraneous to this particular legislation except insofar as this would relate to the development of capital improvements, and insofar as the development of capital improvements in the natural resource known as petroleum products can be developed, either by independents or by the few really big operators.

Now, the reason I am asking specifically is because I had thought it was the feeling of the administration, as it is my feeling, that we should at all costs protect these independents, who have made their own investments and who historically have been the sources of discovery, against further encroachment of monopoly in that field.

And I was wondering how the Department of the Interior rationalizes or justifies the recent action in opening up for lease bidding some 3,750,000 acres of the Outer Continental Shelf, all of it beyond the 10½-mile limit, some of it going out as far as 100 miles. It is my understanding that there are 811 tracts out there which, in the last few days, have been opened up for bidding by your Department. Can you comment at any extent upon that?

Mr. STODDARD. I was not in on the policy decision where this action was taken to open up these lands. The Assistant Secretary for Mineral Resources, who is an oilman himself and who guards quite closely the decisionmaking process where it affects mineral resources, I am sure was there. And if you wish me to do so, I will bring this matter to his attention and tell him of your interest and ask him to communicate with you on the basis of that decision.

Mr. WRIGHT. I would be deeply grateful if you would, because——

Mr. STODDARD. Understand, I do not mean to dodge the issue. There are a lot of decisions made around the Department of the Interior that I am not in on.

Mr. WRIGHT. I can understand that fully, and I would appreciate it very much if you would bring this to his attention because only the very big ones can participate in that offshore——

Mr. STODDARD. Surely, I understand.

Mr. WRIGHT. Not even a combination of independents could get together and get in on this, and it seems to me that it is unavoidably going to have the effect of bringing in a flood of a great deal more oil when we already have a shutdown capacity of something like 4 million barrels a day, thus further putting a lid on the allowable drilling that the independents can do, people who employ folks throughout my area, and further contributing to the growth of these 31 big companies who do most of the importing, to the detriment and expense of the 15,000 independent producers throughout the country.

Mr. STODDARD. I will try to present your question just as you give it to me, and try to get a response from him which provides their reasons for it. As I say, I am just not in a position to answer it.

Mr. WRIGHT. I would appreciate it very much. It seems that while it may not be directly involved in this program, the aim of this program is to contribute to the growth of jobs and the orderly development of these resources, and I am not at all sure that this action on the part of the Department does it. In fact, I am rather sure that it does not.

Mr. STODDARD. Well, I will get an answer for you.

Mr. BLATNIK. Any questions?

Mr. BALDWIN. Mr. Chairman?

Mr. BLATNIK. Mr. Baldwin.

Mr. BALDWIN. Mr. Stoddard, could you tell me the amount of appropriated funds that have been appropriated for the Department of the Interior in the past that today are unobligated?

Mr. STODDARD. There are very small amounts. Practically everything is obligated except in the accounts of the Bureau of Reclamation where it takes congressional action to authorize the use of money for the construction of new reclamation projects. There is money put in there from the sale of public lands and other revenue, put into the reclamation funds, but in order to use that money it takes congressional action to put it in one project or another. Otherwise, we mostly have contracts that are outstanding, where the work is underway and the money is obligated for the continuation of that project.

Mr. BALDWIN. When you say you "mostly have," does that indicate that there are some unobligated funds?

Mr. STODDARD. None that I know of other than the things that I have just mentioned to you.

Mr. BALDWIN. None that you know of except which would require congressional action?

Mr. STODDARD. None that I know of.

Mr. BALDWIN. You are not going to obligate a single additional fund between now and July 1?

Mr. STODDARD. Nothing that has not been already scheduled.

Mr. BALDWIN. I do not mean already scheduled. I mean obligated. Are you stating that you are not going to make a single obligation in the fourth quarter of the present fiscal year?

Mr. STODDARD. Nothing that will amount to anything more than typewriters or maybe very, very minor items. There is no substantial backlog of unobligated money.

Mr. BALDWIN. Now, my understanding of the general instructions that the Appropriations Committee has given the Department each year is that they should obligate a portion each quarter of the year. Are you testifying that you have obligated, during the first three quarters of this year, the entire funds and have obligated nothing for the fourth quarter?

Mr. STODDARD. Yes, I am going to ask Mr. Welt to answer that. This is his field, and it is a little bit more related to his field.

Mr. WELT. Mr. Baldwin, we have out operating programs which, of course, we obligate as we go along on a four-period basis. I think what Mr. Stoddard means is, those funds—no new funds are appropriated for construction and that type of operation. But our regular operating program, of course, is obligated on a quarterly basis as we opportion them; that is, for salaries, equipment, and that sort of thing, normal operation.

Mr. BALDWIN. Then you do have a supply of unobligated funds at the present time?

Mr. WELT. We would have in that area.

Mr. BALDWIN. That is the amount of unobligated funds appropriated but not obligated for the Department?

Mr. WELT. We can supply that for the record.

Mr. BALDWIN. Thank you very much.

Mr. BLATNIK. Any further questions?

Mr. HARSHA. Yes, Mr. Chairman.

Mr. BLATNIK. Very well, Mr. Harsha.

Mr. HARSHA. Mr. Stoddard, under 10318 are you able to determine how much money would be allocated to your Department?

Mr. STODDARD. How much would be allocated?

Mr. HARSHA. Yes.

Mr. STODDARD. I do not believe I have seen any formula as yet in terms of how much would be allocated to community facilities, all of the various resource functions in the other departments that are involved, and the other kinds of programs. I have not seen any formula. It seems to me that this might have to wait for the time when the program was actually going, to find out where there were substantial areas of unemployment or underemployment that would need help, and then you would pick out the program for this purpose.

Mr. HARSHA. All right. Now, if I may, I am interested in your statement to the effect that there are 181 million acres of Federal land on which livestock are grazed under permit. And then you say

that there is an additional 16—no; an additional 12 million acres needed to be seeded. Now, is that for further livestock grazing?

Mr. STODDARD. Yes, sir. The total is 181 million acres. In that total these are items that are part—that make up the total of 32 million for brush control and 12 million reseeding, and the reseeding to improve the products of the land.

Mr. HARSHA. Well, now, is this in conflict with the Department of Agriculture's efforts to take lands out of production? Would it not be in conflict with that?

Mr. STODDARD. No, sir. You have to have reseeding not only to provide livestock foliage, but also to provide cover where overgrazing has destroyed the cover and accelerated erosion is taking place.

Reseeding is quite essential in order to be able to nail down the soil, and you accomplish both objectives. Not much of the Department of Agriculture's programing includes the elimination of pastureland, which is essentially this.

Mr. HARSHA. I realize that, but if some of the cropland that is now in existence could be converted to grazing land, and the Federal Government could get out of the grazing business, would that not help alleviate the agricultural problems somewhere?

Mr. STODDARD. We are not in the grazing business. This land is leased to private operators.

Mr. HARSHA. We have got 12 million acres of it, according to your testimony.

Mr. STODDARD. Well, there are 181 million acres of feed lands under livestock permit.

Mr. HARSHA. Oh, I beg your pardon; yes.

Mr. STODDARD. This is all part—I do not know whether you have the pattern of ownership in the West or whether you know it. But you have a rancher near the river, and the rancher grazes the land around it.

This is the traditional pattern or has been for a long time and there has been a system of conservative management of that land for a long time.

So we do have some of it that has been overgrazed and needs revegatation if it is going to be protected and maintain its productivity. It is part of the economy of the West.

Mr. CRAMER. Mr. Chairman, I have a brief question.

Mr. BLATNIK. Mr. Cramer.

Mr. CRAMER. In this program just mentioned by the gentleman, how is that paid for now? Out of lease income or what?

Mr. STODDARD. You mean grazing and the vegetation that is being done?

Mr. CRAMER. Yes.

Mr. STODDARD. It is practically all appropriated money although some of the ranchers do some work on private lands for various contributed—on public lands with contributed labor and seed, but that is a very small part of the total.

Mr. CRAMER. Now, you are suggesting, for instance, on page 6 of your statement that grants-in-aid would be very attractive to the States for capital improvements in the State parks system.

And these are areas where there are no Federal funds available.

Is that right?

Mr. STODDARD. That is right.

Mr. CRAMER. So this is a new program you are proposing?

Mr. STODDARD. Well, I am saying that the legislation proposed here would make possible such grants to the States. Where there is no such Federal authorization——

Mr. CRAMER. There is no authorization whatsoever for that type of program under existing legislation.

Is that correct?

Mr. STODDARD. No, sir.

Mr. CRAMER. And you are suggesting, that if you had money available it could be used, and in your discretion you would recommend that it be used for that purpose.

Is that right?

Mr. STODDARD. Well, I would say that if a State had a serious unemployment situation and they had useful work to be done——

Mr. CRAMER. I mean, assuming they meet the criteria?

Mr. STODDARD. Yes; their proposal would receive very serious consideration.

Mr. CRAMER. And you have a number of other suggestions on other conservation projects; for instance, fish hatcheries, all areas in which there is no present Federal authority to participate in State projects of that nature?

Mr. STODDARD. Well, there is in fish hatcheries. There is in fish hatcheries under the Dingell-Johnson program where Federal moneys are made available to the States and for wildlife under the Pittman-Robertson program it is available.

Mr. CRAMER. That is construction of fish hatcheries by the State?

Mr. STODDARD. They can use that money almost any way they see fit as long as it goes forward to improving it.

It is collected from the fish tackle tax. It is an excise tax on fish tackle.

Mr. CRAMER. And so to a large extent the proposals that you are making are for new expenditures in new areas that are not now authorized under existing legislation. Right?

Mr. STODDARD. Only in this part of the program. In the wildlife program and in the fisheries program this would be just an expansion of the existing arrangements.

Mr. CRAMER. Now, why does the U.S. Arms Control and Disarmament Agency, to which you referred on page 10, request this study to be made and indicate that $200 billion total is needed for natural resources?

Mr. STODDARD. Because if we should have a peace scare. If they should be successful in Geneva our Federal budget is now over $50 billion, devoted to defense expenditures.

If there should be such a thing, this would be cut in half. We would have about $25 billion that is now going to the economic situation for defense expenditures and that would be withdrawn.

It would have a serious impact.

Mr. CRAMER. So they suggest that your agency could spend some of that money. Is that right?

Mr. BLATNIK. All agencies. All agencies of the Government would.

Mr. CRAMER. I understand that. And your finding was $200 billion——

Mr. STODDARD. Yes, sir.

Mr. CRAMERA (continuing). In your department alone?

Mr. STODDARD. Well, not in our department alone. We took a look at the total resource picture which is water, land, wildlife, fisheries, and the whole field of natural resources.

Mr. CRAMER. Some of us were under the impression that disarmament might mean a reduction in taxes.

Everybody else is looking around as to how else to spend the Federal dollar if it does not happen to be spent for defense. I am glad to get the information that you suggest—$200 billion?

No further questions.

Mr. BLATNIK. There being no further questions, thank you, Mr. Stoddard.

The committee will recess for 15 minutes to answer an automatic rollcall.

(Short recess.)

Mr. BLATNIK. The House Public Works Committee will please come to order, resuming public hearings on standby capital improvements legislation before the committee.

The next and last witness is Dr. George Selke, Assistant to the Secretary of Agriculture in the Department of Agriculture.

Dr. Selke, at the outset may I express our apologies and appreciation of the committee to you and your aids for standing by since 10 o'clock this morning—we got involved in unscheduled interruptions and delays—in order that you may accommodate us and for your convenience present the testimony. We do appreciate it.

STATEMENT OF DR. GEORGE A. SELKE, ASSISTANT TO THE SECRETARY, DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY CARL BROWN, SOIL CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE; AND CLARE HENDEE, U.S. FOREST SERVICE

Dr. SELKE. Chairman Blatnik, I am happy to be here, very happy to represent the Department of Agriculture, and I do wish you to know that to my left is Mr. Carl Brown, who represents the Soil Conservation Service of the Department of Agriculture, and to my right is Clare Hendee, who represents the U.S. Forest Service.

I would be derelict, lady and gentlemen, if I failed to say that this is a very interesting and a very pleasing opportunity. The splendid young man, for whom I have the most high regard, your chairman, is a person whom I have known in Minnesota since his high school days, and I have known his father and mother, his family, and so on, and it really, Mr. Chairman, is a pleasure for an old school dad to come before you and to testify where you are presiding.

Mr. BLATNIK. And the Chair may say for the record what a delightful and touching experience it is to have Dr. Selke here who has been a mentor of ours, both myself and my administrative aid, Mr. Andolsek, and many, many young men who became teachers throughout the Midwest.

Dr. Selke is recognized as an outstanding educator, school administrator, keenly interested in human resources and natural resources. He was appointed by the late President Roosevelt as Chairman of the Advisory Committee for the whole Midwest area in the National Youth Administration, and worked closely with several Governors, the most recent one, the former Governor, Orville L. Freeman, who

is now Secretary of Agriculture, as personal adviser and consultant and troubleshooter, a man who took charge of a most controversial and difficult department—the department of conservation, and who turned that department into not only the most popular, most widely accepted agency of the State, but into the most effective one.

Dr. SELKE. Mr. Chairman, what you are doing is just announcing the fact that an old man is presenting a statement today, and I wish to present this without any delay.

The Department of Agriculture recommends the enactment of H.R. 10317 and H.R. 10318, the proposed Standby Capital Improvements Act of 1962. At least three of the agencies of this Department could make significant contributions to the purposes of the proposed legislation. These are the Forest Service, the Soil Conservation Service, and the Agricultural Research Service.

Now, if I may exercise the privilege of the person who testified before me, namely, one of my former boys, also, Charles Stoddard, I will scan some of these things to save time. I think all of you know that I wish to speak first to the Forest Service as having the responsibility for the development, protection, and management of about 186 million acres in 154 national forests, 18 national grasslands, and other administrative units in 44 States and Puerto Rico.

It also has responisbility for cooperative programs with the States for the protection of State and private forest lands from fire, insects, and diseases, and then all of the things related to forestry which I will not enumerate at this time.

I wish to point out, however, turning to page 2—I assume that you have copies of the statement—there are the types of capital improvement work to be accomplished for the national forests which include—and may I say by way of interlude that the national forest program, of course, is a permanent program; it goes on and must go on decade after decade—but it includes the timber stand improvement, reforestation, recreation resources development and maintenance; fire hazard reduction; road and trail construction and maintenance; fish, stream, and lake improvements; wildlife habitat improvement; watershed rehabilitation, improvement and protection; range, boundary, and other fence construction and maintenance; national forest boundary line maintenance; structural improvements for fire and general purposes; and insect and disease control.

I do wish to point out definitely that there are also similar reservoirs of forest work within the States, State and privately owned land, which can be undertaken through the States under existing cooperative programs.

The chairman pointed out the fact that I was commissioner of conservation in the State of Minnesota for some years after I had retired and as Secretary Freeman retired me from retirement when he was Governor, and I took over this responsibility.

State foresters and their organizations have plans, designs, and experience in the work that would be done. Types of work to be accomplished include construction of fire lookout towers, radio installations, construction of fire access roads, protection and administration buildings, and so on down the list.

An accelerated capital improvements program for research laboratories and work and improvements on experimental forests would also be helpful in the forest research program being conducted by the Forest Service, and for which there is local control.

This program provides the knowledge on which future forest resource management practices are based. Work to be done would include—

(1) Construction of roads and structural improvements in experimental forests; and

(2) Construction of research laboratories for basic studies in forest genetics; fire, insect, and disease protection; watershed range and wildlife habitat management; forest products utilization; forest engineering; and other types of research.

And then on page 4 there is a list broken down, and because of the statement of the law on a 15-month period which is a little different from the 12-month annual period, there is an indication of the 15-month period, 3 months and then the 1 year of completion of the project. This is broken down in total man-years, during the 15-month period for reforestation, and so forth.

I won't enumerate those.

Then on the right-hand column, the total cost in thousands of dollars. For example, reforestation, there would be 10,200 15-month man-years, and that would involve $47 million, $47,700,000, and we go on down.

Then in our relationship under forestry, with the States, the type of work indicated again at the bottom of the page. And on the next page, if all of these programs that are being held in abeyance, we know that they would be done some time over the next decade, 5 or 10 years. We know that it is like an accordion, that you can squeeze it together and do it more rapidly if there is the desire to do that, and we know that all of it should be done within the next 10 years.

And then the grand total you see there, 147,000 man-years, and then the $1 million. This is a 10-year program that is being held in abeyance and is always in reserve. And then we have also broken down in man-years of employment at a cost of thousands of dollars for each quarter if all of this were to be carried out, and I think you would wish to refer to that.

(The tables referred to follows:)

Estimates of capital improvements work on national forest areas and research projects

Type of work	Total man-years during 15-month period	Total cost (thousands of dollars)
Nonrecurrent work (project work):		
Reforestation	10,200	47,700
Timber stand improvement	25,200	118,000
Recreation resource development	11,400	53,400
Wildlife habitat improvement	1,300	6,100
Range resource development	1,800	8,300
Soil and water resource improvement	2,200	10,500
Land surveys and boundary marking	800	3,600
Forest fire protection	1,700	7,900
Structural improvements for fire and general purpose	2,900	23,700
Road and trail construction	16,600	271,500
Research projects	6,000	54,800
Recurrent work:		
Forest fire protection (does not include fire suppression)	900	4,300
Insect and disease control	400	1,800
Maintenance of resource and administrative facilities	1,600	7,600
Total	83,000	619,200

Estimates of cooperative State and private forestry capital improvements work

Type of work	Total man-years during 15-month period	Total cost (thousands of dollars)
Reforestation and timber stand improvement	34,400	230,600
Fire protection	6,500	42,800
Pest control	1,900	12,800
Other resource management	21,200	141,300
Total	64,000	427,500

Summary of Forest Service capital improvements work estimates

	Total man-years	Total cost (thousands of dollars)
National forest and grassland areas and research projects	83,000	619,200
Cooperative State and private forestry	64,000	427,500
Grand total	147,000	1,046,700

Rate of implementation of this capital improvements work program

Quarterly periods from time of initiation	Man-years of employment	Cost (thousands of dollars)
1st quarter	13,000	155,500
2d quarter	32,000	251,900
3d quarter	34,000	213,100
4th quarter	34,000	213,100
5th quarter	34,000	213,100
Total	147,000	1,046,700

Dr. SELKE. I do wish to read page 6, if I may.

An accelerated Forest Service program in forest and related conservation fields would have several specific advantages. These work projects are a part of our current planning and could be started immediately. That means as fast as notices could be sent out.

With 186 million acres of Federal land under Forest Service jurisdiction, a large part of the program is not contingent upon other sponsors. In other words, we have direct control of this 186 million acres of land. We wouldn't have to cooperate or coordinate or integrate with any other agencies. We would just get the wheels rolling and go to work.

The Forest Service has had extensive experience with emergency-type projects; rapidly expanding programs and large increases in personnel can be handled under existing organization patterns. The types of work can be selected from a wide variety of development activities of whatever level of program that is desired, and in almost any part of the country where there are recessions and unusual unemployment.

The flexibility which permits rapid initiation of projects carries through to the programing of length of projects and commitments for completion of work started. Work can be programed for variable periods; as short as 6 months or it may be continued for a period of

12 months or longer, because it forms a part of a continuing program. Likewise, most work could be stopped quickly without any loss of time except falling into the slowdown program if the recession which we hope would not last would lessen and unemployment would lessen and would just slow up and the people would be employed elsewhere and the program go on in the regular 10-year program. The forest areas of the Nation generally coincide with areas of high rural unemployment.

I noticed a person from Michigan over on my right earlier in the day, northern Michigan, northern Minnesota, West Virginia, Minnesota, your own State, John Blatnik, and your State of Idaho, if I may refer to it, Mrs. Pfost. It is such a delightful State, I can't think of hardship up there at all, but there it is there, unemployment.

Acceleration of forest conservation projects would provide direct relief for these areas. In addition, because of the wide geographical location of these areas, project work would be widely dispersed throughout the country. Work to be accomplished includes a high proportion of labor to machine work, and that is important; a high proportion of labor to machine work; it would mean a large take home into the place where food and clothing is needed.

Projects would utilize large amounts of manpower without previous training or experience. Lastly, these planned projects would represent a worthwhile investment in the forest resources of the Nation. They would insure greater future returns from these lands and help to provide the optimum of products and services.

In other words, they do something to prevent recessions in the future.

Now may we turn to page 7, and there I wish to talk very briefly about the Soil Conservation Service.

The Department's recently completed national conservation needs inventory shows that 8,300 upstream watersheds—these are the small watersheds—containing about 1 billion acres are in need of a planned program of protection and development such as that authorized by the Watershed Protection and Flood Prevention Act, Public Law 566.

May I again digress just long enough to say that the Forest Service, of course, is a matter of public lands. Now, where we have these soil conservation districts and the watersheds, that is largely private land, and may I point to you, important as the public lands are, may I point out to you that three-fourths of the land in the United States and where most of the people live is privately owned land, and that is where the watershed programs operate and the soil conservation districts also operate.

These watersheds comprise about one-half of the total area of the Nation. All this private land, half of it is in the watersheds. It can be fairly assumed from experience to date that project development is economically justified at this time on fully one-half of these watersheds comprising some 500 million acres. The studies have been made. We know what should be done, and so on. We are waiting for the time when the work is done.

The average total cost of development is expected to average about $25 per acre, of which the Federal share from watershed project appropriations will average about $15. In other words, for every $15 that the Federal Government puts forth here, $10 would come from

the local units of government. Thus, the long-term total need for Federal investment may be in the order of $7.5 billion if the whole program is carried out, indicating again that this is a part of the continuing program.

All the watersheds thus far authorized for treatment under flood prevention and watershed protection programs contain only about 55 million acres or some 10 percent of the land area in projects considered to be economically feasible at this time. The current status of the Department's several watershed programs is as follows:

1. Project development has been completed on approximately 18.5 million acres.

2. Authorized and planned but uncompleted projects contain 36.8 million acres. There are, for example, some 4,300 floodwater retarding and multiple-purpose reservoirs planned but not yet constructed in authorized projects. In addition, there is a large amount of planned channel improvement and land stabilization structures not yet constructed. Construction of all of these could be accelerated rapidly, again pointing out the fact that this is a going program.

3. Some 233 projects containing approximately 14 million acres are under active preauthorization planning. It is anticipated that at least 100 additional projects comprising 6 million acres will be authorized for construction during the current fiscal year. This will add to potential for acceleration.

4. Some 600 State approved applications for assistance comprising some 42 million acres are classified as being suitable for development now and in urgent need of help because of continuing losses from floods and erosion, critical water supply needs and/or pressures for agricultural improvements through irrigation and drainage or fish and wildlife developments. These could be brought to an authorized status with additional planning funds.

The rate of construction of authorized but uncompleted projects could be accelerated under this proposed bill. We estimate that between $10 and $20 million of such acceleration funds in addition to regularly appropriated money could be utilized in each of the next 2 years within the 12-month specified period for speeded up construction activities. A substantial portion of these accelerated funds would be expended in local communities to the direct benefit of the local economy. However, a contribution to the total economic development of the Nation would also occur through this type of speeded up activity.

And then I think I need not go on with that with you.

Turn to page 9.

These projects, therefore, would meet all of the following criteria:

(1) Construction units can be initiated and accelerated within a reasonably short period of time.

(2) They will meet an essential public need.

(3) Any specific authorized construction can be completed within 12 months of initiation.

(4) Small watershed construction will contribute significantly to the reduction of unemployment.

(5) These projects are consistent with any locally approved comprehensive plans that may already exist in the affected jurisdiction.

I wish to stress again this is a part of a continuing program for

which the plans are in effect and could be, of course, accelerated, as I used the illustration of the accordion being pressed together.

Then the Agricultural Research Service. I just wish to read that briefly, and that is all.

Greenhouses included in the 5-year building program, which are not a part of a major project and which might be undertaken under the present language of H.R. 10317, would total approximately $3,400,000. Small structures, renovation and repair items within the alterations limitation would total approximately an additional $8,600,000.

The total 5-year building program of ARS—that stands for Agricultural Research Service—is in excess of $100 million. This is comprised of more than 100 separate projects ranging from $30,000 up to $9,500,000 per project. It is impossible to estimate what proportion of this work could be undertaken under the present language because of the uncertainty of getting planning work done in advance.

That applies especially to large programs. This varies a little from the other two programs where we would need to have more time to plan the more expensive projects in the way of buildings for ARS. But they are some of the minor programs.

Obviously only smaller projects could be included if both planning and construction must be accomplished in 1 year.

Mr. Chairman, that is the statement. I would be glad to try to answer any comments or questions that might be raised.

Mr. BLATNIK. Dr. Selke, thank you for the splendid statement and excellent presentation, which is the norm for the Doctor's accomplishment and achievement. A very impressive statement.

The chairman is very familiar with the program. We have quite a surplus of unemployed iron ore miners. We get no argument in Congress or very little argument to pay men who have been unemployed for a period of several years over the last 5-year recession, all who want work. Right nearby we have a tremendous Federal forest under supervision of the National Forest Service. Mr. Hendee was the able supervisor and director of that forest a few years ago.

Here these men could be put to constructive work, well planned, well supervised, with a minimum amount of money for planning or administrative overhead costs. You state that most of the cost would be a high labor cost, I believe, Mr. Hendee. As high as over 90 cents out of a dollar would go into labor costs in the forestry work which is applicable in our area in northern Minnesota. Would that be in the approximate order?

Mr. HENDEE. It is very high, Mr. Chairman, that is true. I don't believe it is quite that high but it does run very high compared to other types of public works projects.

Mr. BLATNIK. We are deeply interested and particularly interested in the great potential of this type of program prudently using Federal expenditures rather than calling for unemployment compensation and the very high local county welfare and relief costs which are running on year after year. It is sort of a dead end street type of operation. I am very impressed by this statement and extremely interested in the program itself.

Dr. SELKE. Mr. Blatnik, you will recall that the State of Minnesota, over the last number of years, the State itself appropriated two different times a million and a half dollars— that would be $3 million—

and I do know the details of that program, having had something to do with this direction. I do wish you to know that 85 cents of every dollar went into the payroll for the person who worked and that 15 cents went for supervision, administration, and materials. In other words—and this would be true in West Virginia, the forest work there, in Idaho and in the States, and northern Michigan and so on—that kind of work, of course, has a high potential for returning, for doing worthwhile work and returning a large part of the expenditure to the family that needs the help.

Mr. BLATNIK. Any questions, Mr. Gray?

Mr. GRAY. First, I want to assure you that I won't embarrass you by asking for a compilation of the chairman's grades while he went to school in Minnesota. You can rest easy on that.

Dr. SELKE. I don't think you need to ask.

Mr. GRAY. I do want to take this time to compliment you for a very forthright statement, very interesting statement, very concise. I want to tell you why I have the honor of representing the Harrisburg district in Illinois that has the Shawnee National Forest, 250,000 acres in the entire forest, and although we are very proud of the forest, it, too, has brought on economic hardships because a great percentage of the acreages in some of the counties, of course, have been taken off the tax base. As you further know, any land bought by the Government since 1938 is not eligible for any payment in lieu of taxes. So the only means of income that these people have are derived from receipts of sale of timber and that sort of thing from the national forest. They get 25 percent of all the proceeds of the sale of timber.

We have in the Shawnee National Forest at the present time a program—I say "we"—the forest supervisor, the people in the area, have gotten together and worked up a plan to follow along the lines our good chairman indicated that could be done in his forests, namely, to have a reforestation program, putting people to work doing worthwhile things and building up our recreational potential, and it has been estimated by our own Forest Service people that we could put to work a thousand people in an area now where about 20 percent of the employable force is unemployed.

So I think it is very timely that your department comes forward and agrees to take part in this program, if it is passed, and I certainly hope it is. I want to commend you for going into detail concerning these various breakdowns in your proposals to carry out this type of program and tell you that I know that it will fit like a glove on a hand in your Forest Service because I have one of the largest forests in my district and we certainly hope that this program can be implemented, and I want to congratulate you and thank you for coming.

Dr. SELKE. Mr. Congressman, Mr. Gray, I know Carbondale. I knew Dr. Pulliam when he was there.

Mr. GRAY. We would be happy to have you come back.

Dr. SELKE. You need help.

Mr. BLATNIK. Mrs. Pfost?

Mrs. PFOST. I, too, would like to join in my colleague's expression in complimenting you, Dr. Selke, and I appreciate the remarks you made about the great State of Idaho. It is a truly wonderful State, but we are having some distress problems in northern Idaho.

You may have been here this morning, or earlier today, rather, when I mentioned the fact that we have five counties that have been designated distressed counties in Idaho, and particularly I am interested at this time in trying to assist in, providing this bill is passed, getting some work stimulated and putting some of our people to work in those five northern counties.

Do you feel that the program could be put into effect rather quickly in these five distressed counties, Dr. Selke?

Dr. SELKE. I would rather have Mr. Hendee answer. He is responsible for this. Will you answer, Clare, please?

Mrs. PFOST. Thank you very much.

Mr. HENDEE. Mrs. Pfost, these five counties I believe have considerable national forest acreage, if I am right on that.

Mrs. PFOST. Yes, they do.

Mr. HENDEE. Yes. People could be put to work almost immediately because we do have plans developed and it is the type of work that doesn't require a lot of getting ready as do some other work projects.

Mrs. PFOST. For your information, at Coeur d'Alene, Idaho, we have a nursery started. The Forest Service has started a nursery. They are just completing some of the buildings and one of the things that has been rather interesting to me is the fact that they are able to utilize women, housewives, part days or in some instances so many days per week, and this is supplementing the income of their husbands who are not able to work. They have been able to utilize approximately 30 to 35 women in the nursery itself and the Forest Service personnel tell me that the women have been extremely efficient at this type of work.

Now, of course, the thing that I am interested in doing; we have many workover areas. We also have areas where because of soil erosion and because of cutover big plantations have not been followed through, I feel that those areas could very constructively be planted and work progress in them.

We also have, as you people I think, Dr. Selke, would be familiar with, we had the spruce bark beetle infestation in north Idaho and it was necessary for us to cut trails and various methods of fighting the spruce bark beetle.

Now, of course, we have the downed timber which is a real problem, and we don't have access roads in many of those areas. And I am interested in this program actually taking care of this type of distress area, and you people are quite confident, then, in view of the fact that we have been designated in the area of redevelopment designation that we would be able to utilize funds providing this bill passes and funds are provided for it and we would be able to go forward with our work constructively then in our forest areas. Is that true?

Mr. HENDEE. As I understand the act, Mrs. Pfost, that is correct.

Mrs. PFOST. Thank you very much.

Thank you, Mr. Chairman.

Mr. BLATNIK. Mr. Schwengel?

Mr. SCHWENGEL. Mr. Chairman, I would first like to say I come from Iowa, a neighbor, and I am sure you are aware of some soil conservation problems we have. Some of you in your Department

know of my great interest in your development, and I want to say, sir, that I think it is unfortunate that the President has got you in this project because you are far more important than a lot of the other projects that you are clashing with here.

I believe you are identified with one of the most important areas and with one of the most important problems that we have in America. The soil of America is the only natural resource we have that can renew itself if we cooperate with nature. I think you will agree with that.

Dr. SELKE. I agree with you.

Mr. SCHWENGEL. Everything we have depends upon that soil, and I think it is urgent that we get to work on the preservation programs that are needed.

I want to say to you that this program I believe is completely inadequate for you because you and I know we have laws to contend with before you can get going very fast in a lot of these private ownership areas, and right in my own hometown we have a project that is costing the taxpayers $10,000 or $12,000, up to $50,000 over 10 to 15 years because people up in the headwaters aren't completing their soil conservation programs up there and they aren't doing it because there is a shortcoming in the law that needs to be dealt with. Those areas are very, very important and I think we ought to give some thought to changing those laws so that we can get those watersheds completed so that the great soil erosion doesn't go on like it has been and like it is going on in northwest Iowa right now. Millions of tons of the best soil we have in the world are going down the river.

So I personally would like to see you completely divorced from this project and give new consideration to this problem, soil conservation, especially in the Midwest. This is not a spending program. This is an investment program. There isn't a better investment that we could have in America.

Mr. BLATNIK. Soil, water, trees.

Mr. SCHWENGEL. Take this out of this bill and get busy on this project and have it better programed. This is most important to present-day America and to the future.

Mr. ROBISON. Mr. Chairman, I would like to ask Dr. Selke a couple of questions.

With respect to the $600 million requested by the President for the immediate acceleration of capital improvements, have you made any preliminary survey, or has someone in your Department made a survey with respect to the number of projects authorized but not yet started under Public Law 566 that might fall into the eligible areas, that is, redevelopment areas, or areas of substantial persistent unemployment.

Dr. SELKE. Mr. Brown I think could answer that.

Mr. BROWN. Mr. Robison, we don't have any Public Law 566 projects authorized but not started. The manner in which this program operates is that as soon as a project is passed by resolutions of the appropriate committees, of which this is one, then the project is in operation and up to this time we have had financing provided in the appropriation, the lump sum appropriation, to move ahead progressively with carrying out that project.

Mr. ROBISON. Well, then, let me ask you, have you been "shorted" by Congress with respect to the necessary appropriation moneys to move ahead as the authorizations come along?

Mr. BROWN. Up to this time we have been able to provide funds as rapidly as the local people generally could meet their commitments. We have I believe been fairly modest in the estimate made here that we could use some $10 to $20 million, at least modest compared to some of the other estimates that have been presented here today, but this is because the act under which we operate does require certain conditions, as Mr. Schwengel pointed out, that must be met by local people. So this is not under the control of our agency.

We do believe there could be a modest speedup in this program on a short of a forced draft basis because there is in the aggregate a number of the structures on which easements have now been cleared, and by putting on some temporary additional surveyors and engineers and draftsmen, and so forth, we could speed up in any 12-month period possibly as much as $10 to $20 million which would be, of course—our 1963 budget for all watershed activities is about $83 million, so this doesn't represent proportionately any vast speedup.

Mr. ROBISON. Thank you, sir, but to get back to my original question, then under the $600 million part of the proposal, there will probably be no small watershed projects that could be accelerated. Would that be right?

Mr. BROWN. I would say the conditions would be the same under the $600 million or under the longer term program if funds were made available. Out of that we could begin to accelerate, yes.

Mr. ROBISON. There is an added problem in that the $600 million is supposed to go only into areas designated as redevelopment areas under the Area Redevelopment Act.

Mr. BROWN. Yes. We have a great many projects now authorized in those counties that are designated under the ARA Act. So we could move ahead on those authorized projects.

Mr. ROBINSON. You don't know what they would amount to as of now, do you?

Mr. BROWN. I couldn't tell you the proportion of the total number of projects in those counties at the moment.

Mr. SCHWENGEL. If we had some modernization or up-dating of our laws and dealt with some of the shortcomings that we know about that are based on experience, we could bring a lot more of these projects into being in a hurry, couldn't we?

Mr. BROWN. It would require some amendments to the existing act to provide a real acceleration program.

Mr. SCHWENGEL. The greatest help we could give you is to change some laws to improve the atmosphere in which you could work.

Mr. BROWN. I would say that.

Mr. SCHWENGEL. That is more important right now to you than money. Isn't that true?

Mr. BROWN. Well, so far——

Mr. SCHWENGEL. Vast expansion of the program. For instance, if you want to set a target date—in the Interior Department they have a mission. They call it Mission 66.

Mr. BROWN. I will repeat again, Mr. Schwengel, so far I would say the Congress has beeen quite generous in providing appropriations at

a rate sufficient to meet all of the local needs as fast as they can meet their requirements, their commitments under the law.

Mr. SCHWENGEL. Right. If we had a law, for instance—I have in mind now this Black Hawk Creek area in my hometown—whereby, we will say, 60 or 65 percent of the people voted in favor of the watershed and you go ahead and it makes sense, I think it would be in the public interest. But the way it is now, you have to get them all signed up, isn't that right?

Mr. BROWN. Well, I would say that the largest single bottleneck to moving the program at a faster rate is the fact that local people must acquire the land easements and rights without any Federal cost, and the matter of financing this acquisition really takes some doing on their part.

Mr. SCHWENGEL. And that phase could be changed, too, in my opinion, but also other phases of the law, and then our relationship dealing with the various State laws needs to be looked into, too.

Mr. BROWN. Yes, sir, I agree with you.

Mr. SCHWENGEL. Then we could break the backlog and then really get moving on this program.

Mr. ROBISON. Don't you now have some sort of a loan program, though, for the local contribution under the 566 program?

Mr. BROWN. Yes, sir. The Watershed Act includes a loan provision and the loan organizations sponsoring the projects are eligible to obtain a loan from FHA under the provisions of this act to finance the local share of their costs.

Mr. ROBISON. To a certain extent, then, that would be duplicated in this proposal, it seems to me, the loan provision that is?

Mr. BROWN. Well, we haven't contemplated, Mr. Robison that the loan provision of this bill would come into play in the watershed activity. We believe that only section 4, acceleration of Federal projects, that would be the only section that would be applicable to acceleration of the watershed program.

Mr. BLATNIK. Mr. Harvey?

I'm sorry.

Mr. ROBISON. Would you take a look for me at section 7(a)—not now but at your convenience—and tell me, perhaps in letter form if you would later on, whether the loan provisions here would also apply to your program.

Mr. BROWN. Yes, sir. I will be glad to.

Mr. BLATNIK. Mr. Harvey?

Mr. HARVEY. Dr. Selke, on March 22, I believe, of this year the House Labor Committee reported out a bill which would set up a Youth Conservation Corps, and if I can describe the bill fairly accurately, I think what it would do would be to authorize expenditure of about $50 million annually if it were passed by the Congress for the enrollment of some 12,000 young people in certain public works projects, let us say, for the benefit of the country, similar to the former CCC's that we had years ago.

Now, I know that a representative of the Agriculture Department testified in behalf of that bill, and my first question, sir, is did you testify in behalf of that bill?

Dr. SELKE. I don't think I did in 1962. I think I testified in behalf of that bill in 1961.

Mr. HARVEY. I thought you were going to say back about 1933.

Dr. SELKE. If I wished to be accurate, I did that then, too.

Mr. HARVEY. I see. At any rate, my next question then——

Dr. SELKE. It was the Secretary of Agriculture who testified in 1962, as I recall. Am I right on that?

Mr. HARVEY. But there is no question that the Department of Agriculture——

Dr. SELKE. Nobody has testified in 1962, I think, on it.

Mr. HARVEY. The testimony was in 1961, is that correct?

Dr. SELKE. Yes.

Mr. HARVEY. Although the bill was reported out by the Committee in 1962.

Dr. SELKE. That is right.

Mr. HARVEY. There is no question, however, that the Department of Agriculture has come out and endorsed that particular program.

Dr. SELKE. That is right.

Mr. HARVEY. And my next question, sir, is whether you can tell me if these projects that you are here recommending to us today are in addition to those projects that were recommended by the Department to the House Labor Committee for this Youth Conservation Corps.

Dr. SELKE. Well, if I may take a moment to answer that, I would be very happy to, because I do know these programs, not only in this country but in many other countries, I wish to say, but in regard to the programs which you referred to, the Youth Conservation Corps in which I believe very definitely, and I don't think I could take the time to tell you why I believe in it, but it is very true that there are many things which young men who go to work on programs of this kind from which they can get experiences for their own good and then also contribute something to improve forests, to improve parks, to improve various recreational facilities and things of that kind.

There is one difference between that program and the one we discussed today. When I think of a Youth Conservation Corps program or a youth conservation program or any youth program, I am thinking more of what the program does to the youth than I do to what it does to the job. In other words, if we have a Youth Conservation Corps, I know they can help with forestry tremendously. But I am more concerned about what forestry does for the youth if we are going to call it a youth program. This program now would be mature people, I mean, that we discussed this afternoon, mature people working to bring something home to those who are dependent upon them and those whom they love and at the same time do something worthwhile to society. There is a very great difference between the two.

Mr. HARVEY. Dr. Selke, I think maybe you misunderstood my question.

Dr. SELKE. No.

Mr. HARVEY. I didn't mean for you to think I was attempting to disparage this Youth Conservation Corps in the least. On the contrary, what brought it to my attention was page 2 of your statement.

If you will look at it for a moment, sir, you will note there you have listed several types of capital improvement work to be accomplished on the national forests, and then including—and you have listed several of them below, and one of them came to my attention, for ex-

ample, the insect and disease control, fence construction, fire hazard reduction, road and trail construction and many others of these capital improvements.

My question to you, sir, was whether these projects are not also projects that the Agriculture Department has recommended for the Youth Conservation Corps to perform also.

Dr. SELKE. Oh, this is true, very definitely. You take for example, the fitting out of forests, for example, so that the straight trees may continue to grow, and so on. Releasing the overhead of the forest so that the trees that are coming up, you see, can grow. There is a lot of this work very definitely that under supervision and direction could be carried on by young men. Yes, you are right in regard to that.

Mr. HARVEY. In other words, there is a duplication between——

Dr. SELKE. There is some duplication here. Some work here very definitely could be carried on very successfully by young men on a youth conservation program, yes.

Mr. HARVEY. And that the Department of Agriculture has recommended in other testimony be carried on by a youth conservation corps, is that correct?

Dr. SELKE. Yes, that is true.

Mr. HARVEY. That is all the questions I had.

Mr. BLATNIK. Are there any further——

Dr. SELKE. But I still wish to point out the emphasis in the youth program should be on youth—the emphasis in the youth conservation program should be on the youth. This program here would be upon the job of conservation, and that is singly and entirely.

Mr. HARVEY. Thank you.

Mr. BLATNIK. There would be duplication. There is plenty of room for a lot of work to be done, and obviously much of this work listed under the regular operating standing programs of the Department of Agriculture listed on page 2, much of that would be done by Youth Conservation Corps youth. Mostly, I think those would be in more inaccessible areas whereas the adult men who live near these Federal forest areas could be used in working on more accessible projects.

It wouldn't really be duplication.

Dr. SELKE. As an old school dad, I would be derelict if I failed to point out the fact that a youth program should have its emphasis upon what it does for the youth, and secondly upon what it does for the forestry or conservation or anything else.

Mr. BLATNIK. Very true.

Mr. HARVEY. Well, Doctor, just let me add this, Mr. Chairman, a minute. Let me read to you a summary that was contained in one of the press services in connection with the Agriculture Department's summary of work to be performed by the Youth Conservation Corps, and here is what was said.

> The work to be performed by the Youth Conservation Corps would include forest management, pest control, firefighting, bridge building, fence erection, and clearance of trails and minor roads.

Now, that is substantially the same as you have set forth on page 2 of your statement, is it not, sir?

Dr. SELKE. The names are the same but it is exactly as a person would say in the field of engineering. You would have a boy go out and grease a car but you wouldn't have him fix the accelerator or the carburetor or things of that kind. They are different levels.

Mr. HARVEY. That is all, Mr. Chairman.

Mr. BLATNIK. Thank you very much, Dr. Selke.

Dr. SELKE. You are welcome.

Mr. BLATNIK. And thank you, Mr. Brown and Mr. Hendee.

The hearings are adjourned for today until 10 o'clock tomorrow morning.

(Whereupon, at 4:20 p.m., the hearing was recessed, to reconvene at 10 a.m. on Wednesday, March 28, 1962.)

(The following was furnished for insertion.)

STATEMENT OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.

The Associated General Contractors of America supports H.R. 10113 and H.R. 10318, bills under consideration by the House Public Works Committee to give the President of the United States standby authority to accelerate Federal and federally aided public works programs, and to make Federal grants and loans for State and local improvements, whenever specified economic conditions warrant such actions. Attached is a copy of the resolution on this subject adopted by the 43d Annual Convention of the Associated General Contractors of America, Los Angeles, Calif., February 26 to March 1, 1962, which emphasizes the importance of orderly planning and execution of public works projects.

This organization endorses in principle a program which will prepare needed public works construction projects as a means for countering economic declines, and supports the amendment offered by the President to provide an additional $600 million for immediate use in labor surplus areas and redevelopment areas for the construction of needed public works projects.

This association in the past has supported a variety of Federal programs designed to stimulate the construction of needed public facilities. The Federal Water Pollution Control Act provides ample evidence of the efficacy of construction grants in accelerating construction in the specialized area of sewerage treatment facilities. It is estimated that for every Federal dollar allocated, $4.80 is spent by the locality. The same powerful stimulus could be provided by the program of Federal grants contemplated under these proposals—both the standby program and the program for immediate assistance to depressed areas.

Practically every community in this Nation is in need of a new public facility or has one requiring extensive repair. The provision of inducements to communities to meet these needs, while at the same time contributing to their economic growth, is a dual objective of a highly meritorious nature and should be supported.

This program could be particularly helpful in the distressed areas of this Nation. Cities in these areas passed oved by the general economic upturn under the immediate proposal could start meeting longstanding needs and also thereby make their communities more conducive to the industrial development required for more permanent growth and stability. At the same time, the unemployed in these areas would be provided employment while the basic redevelopment efforts are being undertaken.

In programs of this type, and in all public works construction, it has been proved that the best safeguard for public funds used for construction is by use of the contract method, after public advertising, competitive bidding and award to the lowest responsible bidder, and we urge that the public works of the type envisioned by these bills be performed by the contract method of construction.

We endorse this legislation and urge its speedy enactment.

"RESOLUTION ON PUBLIC WORKS PROGRAMS

"Whereas it is recognized that in virtually every community in this Nation there is a need for capital improvement projects essential to public needs, and that where such programs exist they should be planned and constructed in an orderly manner: Now, therefore, be it

"*Resolved by this 43d Annual Convention of the Associated General Contractors of America*, That the Congress of the United States is hereby respectfully urged to enact legislation providing for orderly planning and execution of such programs."

STANDBY CAPITAL IMPROVEMENT ACT OF 1962

WEDNESDAY, MARCH 28, 1962

House of Representatives,
Committee on Public Works,
Washington, D.C.

The committee met, pursuant to recess, at 10:10 a.m., in room 1302, New House Office Building, Hon. George H. Fallon (presiding).

Mr. Fallon. Ladies and gentlemen, the Committee on Public Works is meeting this morning in continuation of hearings on H.R. 10113 and H.R. 10318, known as the Standby Capital Improvements Act of 1962.

Our first witness this morning is our colleague in Congress, the Honorable Carl Perkins of Kentucky.

On behalf of the committee, I want to welcome you here this morning.

STATEMENT OF HON. CARL D. PERKINS, A REPRESENTATIVE IN CONGRESS FROM THE SEVENTH CONGRESSIONAL DISTRICT OF THE STATE OF KENTUCKY

Mr. Perkins. Thank you, Mr. Chairman and members of the committee.

I first would like to compliment the Public Works Committee for going into this problem, and I think that I have some figures that are very revealing when I get to them in just a few moments, and I want to compliment the gentlemen for sponsoring H.R. 10317 and H.R. 10318.

I believe a bill which I introduced earlier in the session which was the Clark bill—it was first referred to Education and Labor, but because of the jurisdictional question, it was then referred to this committee—points up the interest that I have in this program. Only the day before yesterday I checked with one whom I consider the best expert in the State of Kentucky on the insured unemployment figures in the southern part of my district, the counties which are generally recognized as coal-producing counties where we have had a great depression for several years.

Now, in Pike County, the insured unemployment rate for February 1962 was 17.3, and the annual average for Pike County, Ky., which is a county of about 69,000 population, for the past 12 months is 18.7. This county's population went from 84,000 down to about 69,000 in the last biennial census that was taken, and today we have some 3,100 people drawing unemployment compensation in Pike County, Ky., and we have at least that many exhaustions, and we have some other—

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we have some 6,000 people that are underemployed, so we have a total unemployment in Pike County of some 12,000 out of a population of 69,000.

Now, I think those figures can be defended anywhere, and we can take another county, another coal mining county, Perry County. The unemployment picture for February was 13.6. That is the insured unemployment rate. And for the annual average of 1961, 18.8.

Another coal-producing county, Letcher County, for February 1962, the insured unemployment rate was 11.6, and for the annual average for 1961 it was 11.1.

In the little county that I come from, of course, we have a low employment level there to gage from, because the real mines are all shut down in the county, but the figures for February show 39 percent, and for the annual average for 1961, 39.3.

Breathitt County, 46.2 percent for February 1962, and the annual average, 44.9.

Now, another large county that has got some of the best metallurgical coal in the whole world, is Floyd County, Ky.—Prestonburg is the county seat. For February the insured unemployment rate was 12.5, and for the annual average, 1961, for Floyd County, Ky., it was 13.

In Johnson County for February it was 15.6, and for the annual for 1961, the annual average, 18.5.

Magoffin County, with some mining, and their economy is primarily low farming, it was 52.2, the insured unemployment rate in February, and for the annual average it was 26.8.

Now, for Morehead-Olive Hill area, for February it was 24.6, and for the annual average, 1961, 20 percent.

In Rowan County it was 24.6 in February, and 21.3 throughout the year.

Carter County, 24.6, and throughout the year it was 19.1.

Now, the total of all these counties, the average unemployment rate for February was 17.2, and for the average annual for 1961, it was 17.7.

But when you look at some of these figures that we've got down here from the Bureau of Labor Statistics, showing other unemployment in these various counties, some of the figures go a lot higher than that. That is considering the employment outside of covered employment, outside of the Railroad Retirement Act and teachers and municipal employees and insurance agents, and people of that type who were not covered when the employment office talked to these people, these employees. They have got a higher rate for other employment other than what I detailed to the committee.

Now, this to me simply means that the Government should take some action. In the district that I represent, HEW prepared a list of projects that could be completed under this bill within 12 months, and they have come up with a figure of $2,600,000. They gave me this list this morning. The party compiled that on sewage treatment facilities alone in these various county seats and in these areas where we have large unemployment.

Now, we are making some progress from the standpoint of flood control in eastern Kentucky, but we have been going mighty slow, but now we have some three or four reservoirs under construction in the Big Sandy section, but none of these reservoirs, flood control reser-

voirs, can be constructed within a period of 12 months. So this legislation will not be of any assistance along that line.

But the Watershed Act I think I ought to mention to you, which this legislation refers to. There has not been since the bill was enacted by the Congress a single watershed project approved in the whole of eastern Kentucky. The way that the act is operated, it has just made those richer counties more wealthy and the poorer counties have just become poorer because of this cost-benefit ratio, and we have been trying to do something about that, and as I understand, the Department of Agriculture went along but there is some kind of a dispute—I won't say dispute—it is under consideration at the Bureau of the Budget at the present time, and we are getting along very slow.

But there are numerous watersheds, numerous watershed projects in this particular area, in these counties, that I detailed, that could be constructed within 12 months if we could get a couple of amendments turned loose by the Budget Bureau, and there is no doubt in my mind but what the Committee on Agriculture would readily approve some of those watershed projects.

Now, as I see this, in addition, of course, you have got forestry here and certainly it would be of assistance in east Kentucky. We have a lot of State forests. We have a lot of national forests down there. But in addition to other projects, I would like to see personally the committee come up with an amendment where we have such a high unemployment rate that you don't have to wait to trigger this thing off from the national level, that automatically the President will have the authority in these particular counties to take action where the insured unemployment rate is twice the national average, say 12 percent, and I have suggested some language along that line in this bill because I think the trouble has been in the past that we have proceeded too slowly and the counties that really need assistance for some reason have been able to get very little assistance, and I am of the opinion that we need to go further in this bill and earmark, say, $50 million for rural roads and the Federal Government put up 80 percent of the money, or some figure, in these counties where you have a per capita income, say, of half the national average, and unemployment rates of some 12 or 13 percent.

I am hopeful that this committee will put their finger on something that will be beneficial to some of these counties where we have approximately one-fourth or a third of the people unemployed, and I know that these rural roads from my own experience cannot be constructed at the present time in the isolated sections of these coal-producing counties under the road funds that are now available down in Kentucky, because the traffic count in the first place just doesn't justify the construction of those roads and you cannot even get those roads surveyed because they say its costs too much money.

Now, I talked to Mr. Whitten yesterday, and I see that he is here this morning. I think that we should do something in these counties where WPA built the roads maybe out from the county seat as far as they could go, but the WPA did not last long enough to cover the whole county. So we have in eastern Kentucky some of the best recreational areas in the whole of eastern Kentucky where you cannot get in there because of the lack of roads, and in areas that would serve four and five counties, if we could have built these roads into these

remote sections of the county and keep those people there from leaving these counties, I know that the people constantly leave these remote sections. They just feel like we are never going to build a road in there and they are just going out, and if we are going to stop this outward migration and develop our scenery, of course, you might do it under a better road program than a rural road program, but I know these people down there would be well satisfied if they could get a roadbed 12 or 14 feet wide where we could construct a road of that type in these faraway places in the various counties.

Now, the counties do not have the money to do this type of construction, and the State certainly does not have the money to do this type of construction, and unless this committee makes available funds to really go at the root of these sore spots, I just don't know how we are going to tackle this problem.

Of course, I want to compliment the gentleman from Minnesota. I think the water pollution bill will go a long way and under this legislation we will be able to close up some of those acid mines that are now destroying fish in a lot of streams down in eastern Kentucky, and I don't want to take up any time here this morning. In the first place, I feel bad. But I submit that we should do something where we have this hard core of unemployment over the Nation, that we should come up with a real construction program and get some of these projects into these areas now, not wait for the national level to climb 3 or 4 months consecutively or anything else, but the President should have the authority to move in the areas where we have this worst insured unemployment over the Nation.

Now, I thank you gentlemen very much, and if you have any questions, I will be delighted to try to answer the questions.

I do want to submit, I do want to ask unanimous consent that I be permitted to insert a prepared statement in lieu of the remarks that I made, which goes further into detail about this unemployment problem, and I have offered some language which I think should be considered by the committee, and then I want to submit for the record under the water pollution where we have $2,640,900 of projects in the Seventh Congressional District that can be constructed within a 12-month period. They are ready to go on, in other words.

I thank you for appearing, and I don't think that we should say that this problem doesn't exist. It does exist. Now your ACP down in Kentucky, they are spending a tremendous amount of money as a result of recurring floods. They spent a lot quite recently but in the county where we had one of these watershed projects which was one of the original pilot projects, Wolfe County, Ky., on Stillwater Creek, where that land was all seeded in fescue, and where the creeks were all channeled at great depths with a bulldozer, the flood damage down there this year was not 10 percent, even though you had the same rainfall as in the other sections of the country, the flood damage was less than 10 percent of what it was in the other sections of the county.

So I think that we ought to begin to get some projects approved for these areas that will stop a lot of this doling out every time we have a recurring flood, and we had floods down there this time throughout this whole area.

That is all I have to say, Mr. Chairman.

Mr. FALLON. Mr. Perkins, you want this complete statement made a part of the record?

Mr. PERKINS. Yes, I do, with the permission of the committee.

Mr. FALLON. Thank you very much.

(The document referred to is as follows:)

STATEMENT OF HON. CARL D. PERKINS

A Representative in Congress from the State of Kentucky

Mr. Chairman, and members of the committee, you are to be commended for your sponsorship of H.R. 10317 and H.R. 10318, bills to help achieve the objectives of the Unemployment Act of 1946, by providing standby authority to accelerate capital expenditure programs of the Federal Government and State and local public bodies.

I believe a bill which I introduced earlier in the session, H.R. 9653, to assist in the reduction of unemployment through the acceleration of capital expenditure programs of State and local public bodies, is also before this committee, having the same purpose and objective.

As the members of this committee are well aware, I have appeared many times to badger, pound the table, and to urge generally the acceleration of public works projects in my congressional district involving not only water resources but also roads and highways. I can think of no greater contribution that this committee can make to the well-being of this Nation than to pass legislation to accelerate public works construction in all areas of this type of activity, public roads, streets, bridges, flood control and water conservation projects, water pollution treatment and facilities, airports, public parks and other public recreational facilities, hospitals, health centers, water and sewer facilities, public police and fire protection facilities, libraries, museums, laboratories, educational facilities, and other public buildings. Let me say and emphasize that the Seventh Congressional District of Kentucky has a crying need especially for roads and highways. Until a large-scale public works program with emphasis on roads and streets is initiated in many communities of the Seventh District, many of the commendable projects envisioned in the area redevelopment program and the manpower resources retraining legislation will be less effective and will produce economic betterment at a pace only too slow for our national good.

The current interest and growing support for an accelerated public works program to combat unemployment is an encouraging sign to us in the Seventh District of Kentucky. I have advocated ever since I have been in the Congress accelerated public works activity as not only a useful means of bringing about immediate employment in connection with construction of the project but also because of the fact that the finished project will strengthen the economic foundation of the community, providing job opportunities long after the construction period. At this point let me suggest a modification to the legislation which, to my mind, would better serve the actual unemployment problem as I see it.

The public works program contemplated by this legislation would be triggered only when national unemployment rates increased for 4 out of the immediate preceding 6 months or 3 out of the immediate preceding 4 months, and such unemployment rates increased an aggregate of not less than 1 percent. This commits us to a policy of recognizing the suffering in certain areas of the United States only at such time as it begins to make a statistical impression upon the Nation as a whole. This seems to me a little like saying we will not punish offenders of the law until their numbers make a substantial contribution to the statistical studies compiled in connection with crime. To me this is a little bit contrary to the statement of purpose in the Employment Act of 1946 which H.R. 10317 recognizes as its goal and purpose in section 2.

The 1946 Employment Act recognizes not only the burden of numbers of unemployed but also recognizes that in this democratic land of opportunity that the objective should be full employment opportunity for all of those able, willing, and seeking to work. Statistically unemployment when considered on the basis of a national rate in the current cyclical depression, did not reach alarming proportions until 1958 when it hit the 6.4 percent insured unemployment mark.

At that time in the Morehead labor market area of my district, the insured unemployment rate was 42.8 percent. In the Huntington-Ashland tristate area it was 13.8 percent; in the Jackson labor market area of my district, 30.1 percent; in Pikeville, 23.6 percent; Grayson, 39.2 percent; Prestonsburg, 23.9 percent; Flatwoods, 40.2 percent; Paintsville, 21.2 percent; Hazard, 23.5 percent; Jenkins, 18.4 percent; Salyersville, 46.8 percent; Inez, 21.6 percent; thus the most prosperous labor market area in my district in 1958 had twice the insured rate of unemployment as did the national average. At this point in the record, Mr. Chairman, I would like to submit the following table which shows the national rates for insured unemployment and total unemployment together with the rates in the labor market areas of my district for the years 1956 through and including 1961.

TABLE I.—*Unemployment rates for the Nation as a whole as compared with unemployment rates for labor market areas in the 7th Congressional District of Kentucky* [1]

[In percent]

Labor market area	1956	1957	1958	1959	1960	1961
Nation	3.2	3.6	6.4	4.4	4.8	5.6
Nation [2]	4.2	4.3	6.8	5.5	5.6	6.7
Morehead (Bath, Menifee, Rowan)	29.3	25.9	42.8	20.6	25.6	31.9
Huntington-Ashland [2]	--------	5.9	13.8	12.9	11.8	11.8
Jackson (Breathitt)	--------	23.6	30.1	16.8	34.4	44.9
Pikeville (Pike)	--------	9.5	23.6	17.4	16.6	23.9
Grayson (Carter, Elliott)	--------	17.0	39.2	16.9	22.7	20.4
Prestonsburg (Floyd)	10.3	9.3	23.9	14.7	9.4	13.0
Flatwoods (Greenup)	--------	13.1	40.2	23.4	26.8	20.8
Paintsville (Johnson)	8.7	11.2	21.2	16.4	14.8	18.5
Hazard (Knott, Perry)	--------	12.1	23.5	17.7	13.6	20.3
Jenkins (Letcher)	--------	7.8	18.4	19.4	12.4	11.1
Salyersville (Magoffin)	44.2	40.8	46.8	18.6	28.0	26.8
Inez [2] (Martin)	12.1	12.1	21.6	10.8	15.8	17.3

[1] Mason, Lewis, and Fleming Counties were added to 7th District in 1962. Fleming County for 1956, 1957, 1958, 1959, 1960, and 1961 had insured unemployment rates of 2.9, 8.5, 11.7, 1, 4.6, and 4.6 percent.

[2] These figures are total unemployment figures; all others are insured unemployment figures.

Incidentally, the data for the most recent months does not show that the economic picture in the Seventh District is any less the cause of grave concern to this hour.

Casual studies of the preceding table indicate that all the counties in the district which I represent in the communities of which there live almost one-half million people, unemployment rates ranged from 8.7 to 44.2 percent in 1956, a year which looking to the national rates alone was a relatively prosperous one in which the national insured rate was only 3.2 percent.

I would strongly urge that the accelerated public works program envisioned by this bill be triggered to operate in labor market areas whenever the unemployment rates for such areas were at least 6 percent and in excess of two times the national unemployment rate for the 12 preceding months. (See appendix for language of amendment.)

There are at least two sound reasons for this change. The first seems so obvious that it scarcely needs stating:

(1) Whenever adverse economic conditions caused by changed competitive circumstance or automation produces unemployment in an area of the magnitude as outlined above, immediate steps should be taken to bolster the economic resources of the community and the accelerated public works program is appropriate to this end.

(2) The high mobility of our population soon transfers economic unrest from one economically depressed area to a larger area and the misfortunes of one community can soon become the misfortunes of another due to an outmigration of the labor force.

I would also strongly urge that grants for public works be allowed in amounts up to 100 percent of the project or program cost in labor market areas which evidenced an inability to match Federal funds.

Both H.R. 10317 and my original bill, H.R. 9653, contain requirements designed to assure that the State will not reduce its public works construction expendi-

tures as a result of the increased Federal funds available for public works construction during accelerated construction periods but I fear that the concrete 50–50 matching requirement over and above this assurance will make it impossible for States and labor market areas which have low per capita income, as compared with the per capita income for the Nation as a whole, to meet the matching requirements of the bill.

Refer again to the unemployment statistics of the district I represent as compared with the national rates. They clearly show that even in periods of relative national prosperity there exist areas in stages of economic depression which even exceed that rate which would evidence a national economic recession of ominous proportion.

In fact, it is becoming, I think, fairly obvious that long-sustained, excessive rates of unemployment, of lessening economic opportunity in particular pockets of our Nation have had long-lasting and damaging effects upon these areas' ability to recuperate. I think contributing largely to this inability to recuperate is the fact that public works development, natural resources development, recreation development, and the educational system all fail to keep pace with the progress being made in more prosperous areas.

Obsolescence of water systems, sewer systems, roads and streets impede the ability of the community to recoup, to hold its citizens. The fact that these areas do not hold their citizens is evidenced by the loss in population in the district I represent of 50,000 people between the 1950 and 1960 census. This story, told many times throughout the Nation, adds up also to economic problems thrust upon the areas to which these people migrate. Thus, in the industrial centers of the North, East, and West, the tremendous growth in population, attributable primarily to migration, has resulted in functionally obsolete roads and highways, water systems, sewage facilities, housing, public buildings and schools. Efforts of these areas to keep pace with the influx have put inordinate pressure on local and State budgets and strained the taxpayer almost to the breaking point.

I have no doubt that this legislation can be rendered far more effective in stemming recessions before they become national crises and at much less cost if we fight and subdue the brush fires before they spread and affect the entire Nation.

I thank you, Mr. Chairman, for the opportunity afforded to present my views on this important legislation.

PERKINS' AMENDMENTS TO H.R. 10317

On page 4 following the words on line 22, add the following paragraphs:

"(c) A capital improvement acceleration period may be proclaimed by the President for any labor market area whenever the unemployment rates for such area have exceeded by at least two times the national unemployment rate for each month of the 6 preceding months and the unemployment rate for such area is in excess of 6 per centum of the civilian labor force after adjustment for seasonal variation.

"(d) Subject to the limitations prescribed in Section 9(b) but notwithstanding any other provision of this or any other act of Congress, the President may make Federal grants available for projects or programs under Section 4, 5, and 6, of this Act up to 100 per centum of the cost of the undertaking or completing such project or program in any labor market area: *provided*, That the unemployment rate for such area is at least 10 per centum and the average per capita income for such area is 50 per centum or less of the average per capita income for all the States for the most recent 12-month period for which data is available: *And provided further*, That in any one year not more than 3 per centum of the funds provided for in the form of grants for projects under Sections 5, 6 and 7 of this Act shall be made available within any one labor market area: *And provided further*, That no grants in excess of 50 per centum of the cost of undertaking or completing such project or program in such area shall be made without adequate assurance that the expenditure of the State, municipality, local public body or nonprofit organization in such area for capital improvement for such year is at least equal to such State's, municipality's, local public body's or nonprofit organization's capital improvement expenditure for the preceding fiscal year."

TABLE II.—*Unemployment rates for the Nation as a whole as compared with unemployment rates for labor markets in the 7th Congressional District of Kentucky for the most recent months* [1]

Labor market area	1961, December	1962		
		January	February	March
Nation	4.8	6.2	5.9	
Nation	*5.8	*6.7	*6.5	
Morehead (Bath, Menifee, Rowan)		31.9		
Ashland-Huntington (Boyd)		*13.0		
Jackson (Breathitt)			30.9	
Grayson (Carter, Elliott)			17.7	
Prestonburg (Floyd)		13.9		
Flatwoods (Greenup)	13.1			
Paintsville (Johnson)				10
Hazard (Knott, Perry)	14.0			
Lawrence	(2)	(2)	(2)	(2)
Lee	(2)	(2)	(2)	(2)
Jenkins (Letcher)	9.4			
Salyersville (Magoffin)		35.9		
Inez (Martin)	*7.5			
Morgan	(2)	(2)	(2)	(2)
Pikeville				*24
Flemingsburg [1] (Fleming)				
Mason [1]				
Lewis [1]				

[1] Added to 7th District in 1962.
[2] Not available.
*All figures given are insured employment figures except those asterized which are total unemployment figures.

U.S. GOVERNMENT MEMORANDUM

MARCH 28, 1962.

For the record.
From: Chief, Division of Water Supply and Pollution Control.
Subject: Acid mine drainage in Kentucky.

In House Report No. 306, dated April 25, 1961, the Committee on Public Works, House of Representatives, requested:

"Under existing provisions of law authorizing the carrying out of investigations and studies relating to the causes, control, and prevention of water pollution, the Secretary of Health, Education, and Welfare should undertake such a study relating to pollution caused by acid mine drainage from abandoned coal mines and report to the committee within a year with recommendations for appropriate action."

In accordance with this request, and after consultation with the States, Bureau of Mines and other Federal agencies, a report was submitted by the Secretary to the House Public Works Committee. The report establishes the nature and scope of the acid mine drainage problem from active, marginal, and abandoned mines.

Neither the Public Health Service nor the State water pollution control commission has specific information on the situation of acid mine drainage or mine sealing programs in the State of Kentucky. The State has contracted with Dr. Earnest M. Spokes, professor of mining engineering at the University of Kentucky, who does have information in this regard. Mr. Ralph Pickard, director, Bureau of Environmental Health of the Kentucky State Health Department, is sure this information could be presented if so desired.

Mr. Pickard suggests that if this information is to be presented, it should be done so by Dr. Spokes, an expert in mining engineering.

G. E. MCCALLUM, *Assistant Surgeon General.*

Kentucky, rate of insured unemployment

Area	For February 1962	Annual average for 1961	Area	For February 1962	Annual average for 1961
Hazard	16.5	18.6	Prestonsburg—Continued		
Breathitt	46.2	44.9	Johnson	15.6	18.5
Knott	39.0	39.3	Magoffin	52.2	26.8
Letcher	11.6	11.1	Martin	7.5	12.2
Perry	13.6	18.8	Morehead-Olive Hill	24.6	20.0
Pikeville: Pike	17.3	18.7	Rowan	24.6	21.3
Prestonsburg	14.7	14.8	Carter	24.6	19.1
Floyd	12.5	13.0	Total of all counties	17.2	17.7

I would urge that the committee make sure that substantial amounts be expended for projects not on the Federal systems, for the unfilled need for the construction of such roads in the Seventh District of Kentucky is retarding efforts to revive the economy of this area. It would be appropriate I think for the committee to earmark $500 million for this purpose.

Sewage treatment projects, 7th Congressional District of Kentucky

Community	Status of engineering	Eligible project cost
Projects which can be constructed within 12-month period:		
Russell, Greenup County	Preliminary engineering report	$62,900
Olive Hill, Carter County	No engineering report	200,000
Grayson, Carter County	do	167,000
Jenkins, Letcher County	do	533,000
Beatlyville, Lee County	Preliminary engineering report	100,000
Greenup, Greenup County	do	100,000
Ellshorn City, Pike County	No engineering report	134,000
Fullerton, Greenup County	do	99,000
Jackson, Breathitt County	do	184,000
Martin, Floyd County	do	125,000
Neon, Letcher County	do	98,000
Prestonburg, Floyd County	Preliminary plans and specifications	262,000
Salyersville, Mogoffin County	No engineering report	143,000
Wayland, Floyd County	do	160,000
Weeksbury, Floyd County	do	160,000
Worthington, Greenup County	do	113,000
Total		2,640,900
Projects which will require more than a 12-month period to construct:		
Louisa, Lawrance County	No engineering report	320,000
Catlettsburg, Boyd County	Preliminary engineering report completed.	600,000
Hazard, Perry County	Final plans and specifications	409,000
Paintsville, Johnson County	No engineering report	328,000
Pikeville, Pike County	Preliminary plans and specifications	260,000
Total		1,917,000

Per capita income

National	$1,974
State	1,388
County:	
Bath	984
Boyd	1,585
Breathitt	700
Carter	906
Elliott	783
Fleming	1,002
Floyd	948
Greenup	1,208
Johnson	900
Knott	683
Lawrence	866
County—Continued	
Lee	$837
Letcher	925
Lewis	984
Magoffin	723
Martin	682
Mason	1,353
Menifee	697
Morgan	817
Perry	949
Pike	976
Rowan	1,019
Wolfe	797

Source: Net income after taxes have been taken out from the Sales Management Survey of Buying Power, May 1961.

Mr. BALDWIN. Could I ask one question, Mr. Chairman?

Mr. FALLON. Yes.

Mr. BALDWIN. Mr. Perkins, the Area Redevelopment Act that went into effect last year undoubtedly applies to all the areas you have described, I imagine. You mentioned the percentage of unemployment. Can you tell us to what extent that Area Redevelopment Act has put men to work in your district?

Mr. PERKINS. Well, the large county that I mentioned, Pike County, Ky., there you have the city dimensions that the Area Redevelopment made along, across the Tug River from Pike County, Ky., to Williamson, W. Va.; and that project will employ about 150 people, and I think under the retraining provisions of that bill, they are going to retrain about—they are going to retrain people for this particular job, and maybe 100 or so others. There have been several loans made by the Area Redevelopment Administration, several loans in the area, but to really tackle this problem and keep those people from migrating out of those remote sections, I just wish that I could take the committee down there and show you some of the greatest scenery in the world where you have to take a jeep to get into certain areas. If the WPA had gone on another couple of years, they would pretty well have covered it, but we never had a worse unemployment rate during the days of the depression than we have at the present time from the standpoint of the coal miner.

Mr. BALDWIN. Well, do I understand, then, that basically the Area Redevelopment Act has not solved the unemployment problem in your area?

Mr. PERKINS. I am very sure the gentleman knows that the amount of funds in the Area Redevelopment Act is limited and it would be impossible to solve a great problem like this, a great, huge unemployment problem. It will be very helpful. It will be very helpful but what we really need is this accelerated public works program down there to make those areas attractive for industry, and then the area redevelopment legislation, in my judgment, will be more effective, because when we get to roads and sewage and other public buildings there that can be constructed under this legislation, I think the area redevelopment bill then certainly will play a great part in the upgrading of our economy down there.

Mr. FALLON. Mr. Blatnik?

Mr. BLATNIK. Mr. Chairman, at the outset may I say that I worked very closely with my colleague and my good friend from Kentucky, Mr. Perkins. I think I can say very candidly no man in his quiet, modest but effective and determined and persistent manner has given study and thought and actual effort and posed legislation to this very serious problem which occurs not only in his district, but quite a few other districts across the country.

It also includes my district. Where you have the depletion of coal, we have the depletion of iron ore and competition from oil from Venezuela and Canada.

I want to commend the gentleman on his statement, his work and thoughts. We have discussed these matters with the gentleman back in the depression of 1953 and 1954, the recession, and also in 1956 and 1957 and 1958. At that time we were discussing the need of working out a public works program on a short-term basis to upgrade whatever facilities would be of help to other industry, such as your tourist industry. It is extremely important, for example, so important in my northern Minnesota section, that at times when iron ore is low, the income from tourism brings in more dollars than iron ore. Agriculture is first, and iron ore and tourism next fluctuating back and forth depending on the volume of iron ore shipments, and I know the support and the work that this gentleman has given to area redevelopment.

This is a long-term program. It takes a little time to develop it because of the procedures set up by Congress which involve local development groups to be set up. These groups must work up an overall area comprehensive planning for the area, must be approved by the State agency, and approved by the Federal agency. The participation involves local funds, both private and public. It involves State funds and Federal funds jointly, so on a joint venture of that type, it takes more time to get off the ground.

The area redevelopment bill passed Congress twice in the last 6 years. Three times, I mean. The first two times in 5 years it was vetoed. It had strong support in Congress and had that program been operating for the last 5 years, by now it would have been in full steam. In the meantime it would have established a record of performance and accomplishments that we in Congress could have reviewed, and in those areas where it was operating, we could have beefed it up to be more effective in these hard core unemployed areas where it was cumbersome or not working too well, that it could have been streamlined or cut down, you see, and improved.

So, the area redevelopment has not been given an opportunity to really get going.

In the meantime, we have this choice: Shall we pay people through unemployment compensation or support them through welfare programs and relief rolls, or shall we put them to work on bona fide community facilities, on resources, projects that are badly needed that will upgrade the community prospects and potentialities and serve a useful function for the next 40 or 50 years?

I think it should be brought out that the gentleman has taken the lead in paying attention to young people. The author and chairman

of the subcommittee has twice gotten through his committee the Youth Opportunity Act which provides programs for young people in the municipalities and smaller communities, and has also a section for youth, a program similar to the Youth Conservation Corps of the early 1930's, so I commend the gentleman and express my wholehearted support of his proposition.

Mr. Perkins, your recommendaton that attention ought to be paid to areas of severe and acute economic distress at once without waiting for the overall national picture is a sound one, and I think you recognize that the President himself was acutely aware of that when he recommended an immediate program involving $600 million to go into effect and to be applied for such projects in the depressed areas and in labor surplus areas, so that would be in line with the recommendation that you have made in the proposed amendment you have made, would it not?

Mr. Perkins Yes, sir.

Mr. Blatnik. I thank the chairman, and I commend——

Mr. Perkins. I want to make one brief observation. When I was county attorney in 1942, along in July we had a serious flood in eastern Kentucky, particularly on Troublesome Creek, and a bridge washed out down at the mouth of Curt Creek, and across that creek and up those hollows you have a population of some 1,200 or 1,300 people. The gentleman who was in charge of the WPA program at that time was a fellow by the name of George Goodman at Louisville, Ky. I got in contact with him and told him about our financial circumstances, and within a matter of days the resident engineer had those plans ready and construction was underway within, I would say, 2 or 3 weeks.

The problem I am driving at here, I hope Mr. Whitton will come up with some language, and pursuant to my conversation with him yesterday, I have some language in my prepared statement, where we can get rid of so much of this redtape and actually get some construction underway.

Now, there was no problem in any of those projects, and that bridge is still there today. It is a narrow gage bridge, but now needs to be rebuilt, and that is a particular example, in order to let the school buses run across that bridge where we need a new bridge, and if we can get some real construction along that line from the Bureau of Public Roads, some recommendations, and if the committee will consider to take place in these counties where we have this unusually high insured unemployment rate, I think the members of this committee will do a great service to this country and cause these rural communities to again get on their feet, and I am hopeful as the result of legislation along this line that these pockets of unemployment certainly will be alleviated and we will make great progress in the country. And unless we do something along that line, I just don't know how we can better it.

I thank you very much.

Mr. Fallon. Thank you, Mr. Perkins.

Mr. Gudeman.

STATEMENT OF EDWARD GUDEMAN, UNDER SECRETARY OF COMMERCE; ACCOMPANIED BY WILLIAM L. BATT, JR., ADMINISTRATOR, AREA REDEVELOPMENT ADMINISTRATION; AND REX M. WHITTON, FEDERAL HIGHWAY ADMINISTRATOR, DEPARTMENT OF COMMERCE

Mr. GUDEMAN. Mr. Chairman and members of the committee, I am Edward Gudeman, Under Secretary of Commerce. On my right is Mr. Whitton, Federal Highway Administrator of the Department of Commerce, and on my left, Mr. Batt, Area Redevelopment Administrator of the Department of Commerce.

Mr. FALLON. I might say the reporter probably needed an introduction of Mr. Whitton, but the committee doesn't. He has been here a number of times and has always been a very fine witness.

Mr. GUDEMAN. Thank you, sir.

Mr. FALLON. You may proceed, Mr. Gudeman.

Mr. GUDEMAN. Mr. Chairman and members of the committee, both Mr. Whitton and Mr. Batt have statements to make, and if agreeable, all three of us will make our statements and then try to answer any questions.

I appreciate very much this opportunity to appear before your committee and present the views of the Department of Commerce on the proposed Standby Capital Improvements Act of 1962. This proposal is embodied in H.R. 10318 and several additional identical bills. In addition, I wish to present the Department's views on the President's proposal for an immediate $600 million accelerated capital improvements program, as described in his letter to the chairman of this committee dated March 26, 1962.

This committee has already heard from a number of Government witnesses. The record is quite detailed regarding the nature of the proposals. I will not further burden the members of the committee or the record with a repetition of the basic explanation of the program the enactment of which we urge upon the Congress.

I should like to concern myself this morning with a brief discussion of the basic philosophy and objectives underlying the President's program. It is a program that flows naturally and logically from a whole series of actions and proposals which have come from this administration. It is a part of the basic administration goal of furthering our free-enterprise system by the full utilization of the resources of our Nation. It is a program designed to make economic recessions occur as infrequently as possible, to keep them from ever becoming severe, to end them just as quickly as possible, and to mitigate the effects of recession on its victims.

This administration believes not only in talking about economic growth but in pursuing policies which would assure it. In this pursuit of maximum economic growth, the Commerce Department is bending every effort to make its contribution. Only as we achieve this goal, can we hope to meet both our great needs at home and our important obligations abroad.

There are two aspects to the achievement of maximum economic growth. One is an increase in productivity to the highest possible level; the other is operation of the economy at such high level of

productivity as close to capacity as possible. It does not do the Nation—or the individual businessman—or the individual worker—much good merely to be operating at a high rate of productivity if the rate is not sustained and fails to result in a high level of actual production. An automobile that can do 100 miles an hour doesn't get very far if it does not have the necessary oil and gas or the satisfactory roads on which to travel.

Toward the first goal—increasing the rate of productivity—this administration, and the Department of Commerce in particular, is concerned with the obsolescence of much of our industrial plant; it supports incentives for its modernization. The Department of Commerce will soon appoint an Assistant Secretary of Commerce for Science and Technology, a post authorized earlier this year by the Congress; a principal function of this new post will be encouragement and assistance to industry in applying the fruits of scientific progress to the production of goods and services.

The administration has proposed, and the Congress has enacted, a very important manpower training program. The administration believes, too, that the general education system of the Nation must be strengthened if we are to tap the full potential talent of our young people. Further cooperation between labor and management must be secured to take full advantage of automation and other forms of technological progress, without the sacrifice of human values.

Toward the second objective—sustained, high level economic activity—the administration has made a series of proposals to reinforce the forces already available to minimize economic recession. The President has asked for authority to lower taxes; he has proposed further improvements in the unemployment compensation system; and now he is asking for a standby public improvements program which could be used early enough in a downturn to have maximum impact.

As a former businessman whose work brought him into close contact for over 30 years with literally hundreds of manufacturers and suppliers, I have learned a very simple but crucial lesson. The most important single factor in assuring profitability and competitiveness is the ability to keep operating 52 weeks a year—with two or three shifts, if possible. Very few firms can operate at 50, 60, 70, or even 80 percent of capacity and avoid economic catastrophe.

For the Nation as a whole, the story is not much different. The amount of growth we show at the end of the year depends primarily on the extent to which we have fully utilized our capacity, both industrial and human. Every year sees some improvements in technology, in materials handling, in packaging, and other forms of increased productivity. The most rapid rise in productivity, however, comes during periods of full production and full employment. Every single percent of capacity unused means billion of dollars of gross national product lost to the Nation.

In the years 1960–61 alone, if we had been operating at near capacity, our GNP for this 2-year recession period would have been $70 billion higher.

In 1960 the gross national product was $504 billion. If during 1960 we had kept unemployment down to 4 percent and if we had had an average increase in productivity of 3.5 percent, the GNP would

have been $535 billion. Thus, in 1960 alone we fell short of a realistic goal by at least $31 billion.

In 1961 actual GNP was $521 billion. This did reflect the recovery which started last year. However, had 1961 been a year with unemployment averaging only 4 percent, and with a productivity increase of 3.5 percent, the GNP would have been $560 billion. Thus, in 1961, we fell short by $39 billion.

In these 2 years, then, we sustained a loss of $70 billion in GNP. Aside from the obvious loss to industry and to millions of families, this loss deprived the Federal Treasury of $18 billion in tax revenues.

We cannot afford to sustain such a loss in production and in taxes. Such a loss feeds upon itself. For example, business profits take a sharp decline in a downturn of the business cycle. The much-too-low level of profits in the last few years has made it more difficult for industry to modernize and replace much of its obsolescent facilities. This, in turn, has made it more difficult for some industries to expand their operations and to meet foreign competition. Thus, employment opportunities and business prospects have suffered.

The President's proposal is designed to take action during the very first stages of an economic downturn but only after the economic indicators have clearly shown that there is such a downturn. And the proposal is designed to end the special program just as soon as the situation warrants, but the end of 12 months in any event. Other witnesses before this committee have explained how the triggering will operate, how the funding is provided for, and how the administration believes the program can be operated without the creation of new agencies and at a minimum of administrative costs. For the Commerce Department I can assure the committee that we are prepared to play an active role, in cooperation with the other Federal agencies, in carrying out such a program if economic events require its use.

The Bureau of Public Roads can make a substantial contribution to the proposed accelerated capital improvements program. This agency could move ahead on such a program on short notice. Because of the inherent nature of highway construction, it is adaptable to the needs and basic purposes involved in the proposal. As Mr. Whitton, Federal Highway Administrator, will discuss with you, the Bureau of Public Roads has had valuable experience in an accelerated construction program of the kind contemplated by the legislation now under consideration.

Mr. Batt, Administrator of the Area Redevelopment Administration, will indicate in his testimony that it is virtually impossible to solve area unemployment in this country during a national recession because investment dries up, production falls off, consumer purchasing power is reduced, and unemployment increases. In this situation, redevelopment areas have no outside resources on which to draw to rebuild themselves. In view of this relationship between the national economy and localized conditions, area redevelopment will play a key role in any accelerated public works program.

The program of grants for public facilities in the Area Redevelopment Act would be eligible for additional funds under the proposed Standby Capital Improvements Act of 1962. These funds would permit many additional public facility projects to be initiated and ac-

celerated under the act's program. Considering the substantial backlog of needed capital improvements in redevelopment areas, the Area Redevelopment Administration would be able to contribute substantially to the overall purpose of the proposed act.

Now a word about the immediate program.

Earlier this week, the President wrote the chairman of this committee and asked that the proposed Standby Capital Improvements Act of 1962 be amended to include an immediate program of accelerated capital improvements in redevelopment areas and certain other areas of high unemployment. The Commerce Department strongly endorses this $600 million program. As the Department charged with responsibility for administering the Area Redevelopment Act, we are keenly aware of the plight of the great majority of areas that would be eligible for this immediate program. Unless and until general recovery in the Nation is complete and prolonged, these hard-hit communities can and will have only limited success in restoring themselves to full economic health and usefulness.

The very gratifying recovery which we have been experiencing since last spring must not blind us to the very serious conditions which have persisted for hundreds of American communities and millions of American families. The President's proposal can do much to help directly many of these communities and families, but it can also give that extra spur to general economic recovery which would be felt everywhere through the multiplier effect.

As the President stated in his letter to the Chairman of this committee:

> We have been making a strong recovery from the recession of 1960–61 * * * we look for a strong and continued expansion throughout the year and into 1963.

But the recovery has not been strong enough to solve, as the President says—

> the serious problems of prolonged large-scale unemployment and economic distress in hundreds of communities in all sections of the country

which were left in the wake of two recessions in the last 5 years. These communities need and deserve help now and should not have to wait until another recession to obtain such help.

In providing help to such communities now, we not only bring help in terms of immediate job opportunities, but we help make precisely the public improvements which could add significantly to the permanent redevelopment of the communities involved.

The proposals, both the standby and the immediate program, represent an investment in our country's economic future. It is another important tool in assuring adequate economic growth—the only road to decent wages, adequate profits, and prosperous communities.

Thank you, Mr. Chairman, and if it is your pleasure now, Mr. Batt will take off from here.

Mr. FALLON. Thank you very much, Mr. Gudeman.

Mr. Batt.

Mr. BATT. Chairman Fallon, I am more than pleased at the opportunity to appear before this committee to testify on legislation for immediate standby programs to accelerate capital improvements, projects, and programs as a means of combating and minimizing any future recession that may confront the Nation.

This committee has already heard from some very distinguished spokesmen for the administration. In my capacity as Area Redevelopment Administrator, and as an advocate of public works, I particularly welcome this opportunity to add my voice to theirs, since capital improvements programs have a particular relevancy to the activities in which we now are engaged in partnership with the redevelopment areas and their State governments.

To achieve maximum effectiveness, any antirecession program must be capable of becoming operative as quickly as possible. The speed with which we are able to move with constructive countermeasures will have a direct bearing on the depth and duration of any future downturn in the economy.

The bills proposing the Standby Capital Improvements Act of 1962 are designed to insure such speed. The responsibility for accelerating public works activities would be placed in the various executive agencies and departments with respect to the programs normally administered by them. Because they would take advantage of existing Federal machinery—just as the Area Redevelopment Act made maximum use of existing resources—the bills proposing the Standby Capital Improvements Act of 1962 are to be preferred over other pending legislation in this field.

Recessions, such as those we have experienced during the past decade, make it infinitely more difficult for us to do our job because they cause investment to dry up, cause production to fall off, cause consumer purchasing power to be reduced, and unemployment to increase. The result is that the fiber of the Nation's economy is constantly weakened by this continuing cyclical pattern.

Fortunately, Congress and the President have taken measures to counter these unhealthy patterns in our economy with such programs as the increase in the minimum wage and the extension of its coverage to new groups of workers, improvements in social security benefits, the Area Redevelopment Act itself, and the Manpower Development and Training Act of 1962, which you have just passed and the President has just signed. Other steps—such as tax amendments to spur investment improvements in the unemployment compensation system, and the proposed Standby Capital Improvements Act of 1962—are under consideration by the Congress.

The proposed program of accelerated capital improvements is of particular urgency if we are to achieve greater economic stability. Planning, engineering, and construction are always underway on the variety of capital improvements projects and programs in which the Federal Government is involved. And Rex Whitton, of Public Roads, will give us a picture of that in a few minutes in his program.

When a recession is clearly indicated, we can ease its impact substantially by stepping up public works construction.

In any period when a slack in the private sector of the economy leaves men. materials, and money in surplus, it makes simple sense to utilize all three to the fullest extent possible. By so doing, we will not only fill some of the vacuum left by reduced private spending, we will also reduce the enormous backlog of badly needed public works in this country.

The legislation under consideration today is directed at the problem of cyclical unemployment. Any cyclical unemployment is intimately

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related to the problems with which the Area Redevelopment Administration must deal—structural unemployment and underemployment, structural unemployment which we in ARA are primarily concerned with, and problems of enduring recession in rural areas, primarily in the South.

The distinguishing mark of the redevelopment areas is that they have existed, recession in and recovery out. When the national economy slumps, those areas—because they are already weakened economically—feel the recession first, suffer most, and recover last, if at all.

I must say the testimony of Congressman Perkins and the figures he placed in the record illustrate this point rather dramatically for his areas of eastern and southeastern Kentucky. That is why the ARA is vitally interested in programs designed to decrease fluctuations in the economy and strengthen the Nation's growth.

It is virtually impossible to solve area employment in this country during a recession because the Nation's economic lifeblood dries up all along the line—and the problems of area redevelopment depend for their solution on the vitality of the total national economy. We must shorten the duration and minimize the depth of cyclical recessions in order to have a fighting chance to deal successfully with chronic area depression and unemployment.

As you know, the Area Redevelopment Administration has a responsibility to help redevelopment areas help themselves. Among the special tools made available under our program are public facility loans and grants to areas whose lack of such facilities is impeding the solution of their economic problems.

We are, therefore, as Under Secretary Gudeman has pointed out, in a position to play a key role, under the proposed Standby Capital Improvements Act, by accelerating the public facility grant part of our program in redevelopment areas.

The need for capital improvements is great throughout the Nation—it is particularly urgent in the redevelopment areas where the continued decline in the private sector of the economy and the continued rise in long-term unemployment has forced communities to channel more and more of their revenues into public assistance, to the detriment of capital improvements.

I can think of no more graphic illustration than that of Gogebic County in the Upper Peninsula of Michigan. The mayor of Ironton was in to see me recently and pointed out that a third of the labor force is jobless and 40 percent of the total county budget was being spent for relief. Obviously he can't make up much of the backlog in public works in that county without considerable help immediately.

Now there is a tremendous backlog of unfilled public facilities needs in the redevelopment areas. One of the requirements under the Area Redevelopment Act was that designated areas should submit overall economic development programs, detail both their economic problems and proposed solutions. Repeatedly, these areas have identified an appalling need for capital improvements, and we have some information on that, perhaps for the first time, which will be most helpful to the program under consideration here.

Mr. HARVEY. Could I interrupt right there, Mr. Chairman, and ask the gentlemen here a question pertinent to this one particular point?

Don't you, under the Area Redevelopment, today have authority to give communities like this Gogebic County up here a public works project, a grant? Weren't there grants included in the legislation passed last year for that purpose?

Mr. BATT. Our act is limited, sir, and we are limited under it, Mr. Harvey, to those public works which relate to the creation of permanent new job opportunities.

That would mean that if they had a sewer-waterline leading to a private plant which would employ people on a permanent basis, we would make that loan or grant depending on the capacity of the community to repay it. If, however, they need a sewer and waterline simply because they need a sewer and waterline and there is no visible—there is no bird in the hand because of it, then this was not made under our program because we——

Mr. HARVEY. Well, let me say this: If a sewer and waterline would help to bring industry to a community, wouldn't that be justification under what you are saying for you to go ahead right now and start a public works project in one of these communities? My question is, Don't you have that authority right now under that act?

Mr. BATT. The interpretation that has been placed on our act in the light of congressional history, Congressman, is that our act relates primarily to public works which will help provide permanent long-term job opportunities.

Mr. HARVEY. Well, I am bothered here.

Mr. BATT. And the financing of the act is the same way. The financing is calibrated on the basis of public works which are tangential to and contributory to the creation of new plants and new industry in the areas.

Now, if I may complete my statement——

Mr. CRAMER. Would the gentleman yield on that point?

Mr. GUDEMAN. Mr. Batt answers this in full. Let him continue the statement for just about another two pages. You will see that it is answered in your copy at the bottom of page 5. Maybe he should read this far and see whether that covers the subject, and then you question him at that point.

Mr. FALLON. Well, I might suggest that we let him complete his statement, and then we go back to this point.

Mr. BATT. Fine.

The following table summarizes the numbers and types of capital improvement needs cited by redevelopment areas in the first 300 overall economic development programs received by ARA. They are classified according to general types as follows. This table was put into the record, I believe, by Mr. Heller simply outlining the substantial needs for water supply and flood control, tourism and recreation, sewerage and pollution control, educational, hospitals, civic buildings, roads, streets, airfields, ports, ferries, and so forth. A total of 1,132 identifiable projects in the first 300 overall economic development programs which have come to us. These are not just "shopping lists." They are realistic appraisals of shortcomings in the public sector that have accumulated over the years. The redevelopment areas, in trying to sell their communities to prospective businesses, find themselves in much the same boat as the homeowner trying to sell his house. The homeowner knows his chances are materially enhanced if he paints, re-

pairs and redecorates; the community knows its attractiveness for industrial and commercial growth depends, in large measure, on overcoming deficits in capital improvements.

But the things these communities need to make them better places to live, to work and to invest often go beyond the authority that we have been in a position to use in the Area Redevelopment Administration. Because our act was designed specifically to contribute to the creation of permanent new jobs in private enterprise, and because the funds available under our act are limited in purpose and amount, our investment in public facilities has been confined to those that would be used by a specific newly established or expanded industrial or commercial installation.

However, with the additional funds and new public works authority that would be available under this proposed capital improvements legislation, many of these badly needed community improvements could be undertaken. As the President pointed out in his letter, these would be consistent with the areas' own economic development plans, and would make these communities better places in which to live, work and invest.

Even if the adverse national economic conditions sufficient to "trigger" the proposed program to arise, the national situation would still not be as severe as the situation is right now in redevelopment areas and labor surplus areas. This was pointed out, I think rather dramatically, in Congressman Perkins' testimony.

The 874 areas and 50 Indian reservations designated under our act have a total population of 34 million and a labor force of 13.3 million, of whom more than 1 million are unemployed. The 34 million and 13.3 million figures are 19 percent of the Nation's population and labor force, respectively. In these areas unemployment is 24 percent of the Nation's unemployment. The average unemployment in these areas is 8.2 percent, as against 5.6 percent nationally and in some areas joblessness runs as high as 20 and 30 percent.

And that's just unemployment. In addition, 182 counties were designated under our program because they have a median family income—not per capita, mind you, but family income—of less than $1,560 a year. That's only one-third the national median.

Another 129 rural counties were designated because they had a median farm family income of less than $1,170 a year— one quarter the national median. If you're driving a 3-year-old model of one of our lower-priced automobile, you can take it around to the nearest used car lot and sell it for more cash than one out of ten American farmers earns in a whole year, and there are many others who do not earn significantly more.

As you can see, we in the Area Redevelopment Administration are dealing with localized depressions which in many instances are still as severe as the Great Depression of the 1930's and they have lasted, of course, much, much longer.

Thus, all of the reasons which would support a decision for an accelerated national public works program in times of economic crisis support the need for an immediate acceleration of public works in redevelopment areas and labor surplus areas.

These areas have a need now for a major investment in capital improvements to relieve their own private depressions, to increase

employment, to make them attractive to industry. And right now, while the rest of the economy is on the rise, is the ideal time to accelerate such projects in unison with the Area Redevelopment Administration's long-term investment in permanent job-generating projects.

A speedup in capital improvements, with the resulting employment, would have a tremendous impact on the morale of the people in the redevelopment areas, people for whom the door to the future has remained stuck closed for far too long. What's more, judicious investments in capital improvements for the redevelopment areas would aid the whole economy, for these communities could buy their lumber from North Carolina and Washington, their brick from Maryland, their tar products from Texas, their concrete from Pennsylvania, their cast iron pipe from Ohio. And the increased employment in the redevelopment areas and the labor surplus areas, themselves, and in the supplier industries everywhere would complete our recovery from the last recession.

What's more, because of the labor surplus concentrated in these areas, you could accomplish this capital improvements program with little or no inflationary effect.

To accomplish this purpose, the proposed Standby Capital Improvements Act of 1962 should be amended to authorize $600 million, as the President requested, to be channeled immediately into both the redevelopment and the labor surplus areas for the acceleration right now of public works projects and program.

Such acceleration of these projects would not be in conflict with the principles of the Area Redevelopment Act. Quite the contrary. In December 1960, before President Kennedy took office, the Task Force on Area Redevelopment headed by Senator Douglas specifically recommended a combination of short-term and long-term programs to alleviate the structural unemployment problem of these areas.

The Douglas Task Force, you will recall, listed four short-range actions—surplus foods, temporary unemployment compensation, aid to dependent children and accelerated public works projects—to be used in concert with the Area Redevelopment Act to achieve long-range solutions to our problems.

Three of these short-range actions already have been taken by the President and the Congress. It remains now to arm the administration with the fourth weapon, accelerated capital improvements authority, to help improve the economies of the areas left in the backwash of our general recovery from recession, and to help avert another national downturn.

Mr. FALLON. Thank you very much, Mr. Batt.

Mr. GUDEMAN. Mr. Chairman——

Mr. FALLON. Are there any questions the members would like to put?

Mr. DAVIS. Wait until all three of them are in.

Mr. FALLON. All right.

Mr. GUDEMAN. All right. Mr. Whitton.

Mr. FALLON. Mr. Whitton.

Mr. DAVIS. It will save time.

Mr. WHITTON. Mr. Chairman and members of the committee. It is always a pleasure for me to appear before this committee.

I am pleased to present the views and comments of the Bureau of Public Roads on pending legislation relating to an accelerated capital improvements program during periods of increased unemployment.

H.R. 10113 would create a new Federal agency to undertake planning for an accelerated public works program, while H.R. 10137 and H.R. 1037 and H.R. 10318, identical bills would place such responsibility in the various executive agencies with respect to the programs normally administered by them, and would provide for allocations and transfers of funds to be made by the President rather than by the head of the proposed new agency.

The Bureau of Public Roads would favor the enactment of H.R. 10317 or H.R. 10318, based on draft legislation submitted to the Congress by the Housing and Home Finance Agency. My comments therefore will relate to the latter proposal and its effect on the Bureau of Public Roads.

The administration's bill would authorize the President to proclaim limited "capital improvement acceleration periods," under certain unfavorable economic conditions, and would provide for needed capital improvements projects to be initiated and accelerated through existing Federal programs and direct Federal loans and grants. No State could receive more than 12.5 percent of the grant funds available in the proposed bill and, to be eligible for assistance, capital improvements projects would have to meet an essential public need, help reduce unemployment significantly, and be capable of being started and finished quickly.

It is only logical to anticipate that the highway program would be a major program for expansion under the proposed legislation, for the Bureau of Public Roads and the States are in a position to proceed advantageously on a speeded-up basis. The Bureau of Public Roads has had considerable experience in the field of acceleration of highway projects under section 2 of the Federal-Aid Highway Act of 1958, which I shall briefly describe.

As an antirecession measure to aid the economy, relieve unemployment, and provide needed highway improvements, section 2(a) of the Federal-Aid Highway Act of 1958, approved April 16, 1958, authorized an additional $400 million of special Federal-aid highway funds—so-called D funds—for the fiscal year 1959, to be apportioned to the States using the same formulas prescribed for primary, secondary, and urban highway funds. These funds were available on a two-thirds Federal and one-third State-matching basis, without stipulation as to the amount to be expended on either Federal-aid primary or secondary highway systems. Projects financed from these funds were required to be awarded to contract by December 1, 1958, for completion by December 1, 1959. The act also authorized $115 million as repayable advances to assist the States in meeting up to two-thirds of their requirements for State-matching funds, and provided that the amounts so used by the States were to be repaid later by deductions from subsequent fiscal year apportionments of ABC funds.

Under this special program, Federal-aid primary, secondary, and urban highway projects, involving a total cost of $618 million, were placed under contract within a period of 7½ months from date of authorization of funds. This was in addition to and without delay to regular ABC and interstate highway programs. These projects resulted in 12,110 miles of highway improvements, including 2,075 miles of grading and drainage or low-type surfacing, 2,166 miles of intermediate-type surfaces, 7,824 miles of high-type surfaces,

and 1,330 bridges over 20-foot span having a combined total length of 45 miles.

Thus it is apparent that the Federal-aid highway program can be effectively accelerated on relatively short notice and can actively participate and assist in accomplishing the objectives of the proposed legislation. We have demonstrated adequately by previous experience that a program to accelerate highway construction in order to reduce unemployment and combat recession is a feasible one. Highway construction projects of a relatively simple nature are particularly adapted to this type of program.

If additional funds could be made available under the provisions of this proposed legislation for the Federal share of Federal-aid highways, some States could proceed at a much faster rate than they are able to under present fund limitations. In addition, there are certain States which are finding it difficult to meet their matching share of Federal-aid highway funds. The provisions of the legislation, which would permit loans to these States, would be helpful in accelerating their programs.

It will be of interest to the committee to know that our recently established Office of Planning, responsible for public roads policies and programs relating to systematic current and long-range planning and long-range programing in highway development, will be available for assistance in connection with the highway portion of the capital improvements program now under construction.

The highway program is an extremely worthwhile program of capital investment projects, but through my long experience in the highway field, I am compelled to sound a note of caution on any proposal which could have the effect of turning the program on and off. While highway construction normally does involve substantial "lead" and "lag" times, the Bureau was able to work effectively with the time intervals established under the 1958 provisions I have mentioned. Maintenance projects, not eligible for Federal-aid participation under existing law, would be appropriate projects for a very short-range type of program.

And may I add at this point that when I say "maintenance projects," I am not particularly saying that those would be force account projects. Those projects could be let to contract as well.

The Federal-aid highway program contributes in a very substantial measure to the economic improvement of redevelopment areas in furtherance of the objectives of the Area Redevelopment Administration. Our records show a total of almost 2,000 separate projects let to contract for construction in redevelopment areas since January 1, 1961, at a total cost of nearly $1 billion. These projects provided for construction of over 7,000 miles of new Federal-aid highway improvements.

In addition to the Federal-aid highway program, the bills would also apply to the direct Federal highway program, including forest highways, forest development roads and trails, parkways, and park roads, as well as Indian reservation roads and public lands highways. In these programs, too, acceleration could be accomplished efficiently.

In conclusion, the Bureau of Public Roads of the Department of Commerce favors the enactment of legislation such as H.R. 10317 and H.R. 10318, and would pledge its complete cooperation in achieving the important objectives of the proposed accelerated public works programs.

Thank you, Mr. Chairman.

Mr. McVey. Mr. Chairman?

Mr. Fallon. Mr. McVey.

Mr. McVey. Mr. Whitton, recently the Midwest Governors held a conference here in Washington, D.C., which was called at the instance of your Governor from Missouri.

The purpose of that conference was to try to get more Government contracts and facilities located in the Midwest States which are presently going to other certain States in the country, apparently, on the basis of patronage.

Now, did you really believe, Mr. Whitton, that if we would enact this program that is before us today that it would operate in any different manner than the present programs which are operating under the patronage system?

Mr. Whitton. The present Federal-aid program?

Mr. McVey. I am speaking of the general contracts——

Mr. Whitton. I will have to answer toward the present Federal-aid program for highways, and I say yes, it would operate differently.

You see, the present Federal-aid program for highways is confined to designated highways on the Federal-aid system, while the program proposed here would make it possible to improve roads, like Congressman Perkins was speaking of, that are not on the present Federal-aid system.

It would also allow, in my judgment, the States to do some needed work even on the Federal-aid system that is not now eligible for Federal aid, and I have in mind such work as resurfacing or surfacing gravel highways; such work as widening shoulders; such work as drainage improvement, betterment, and such work as bridge widening, which the States would like to do now and which needs to be done now, but it is taking, in most States, all their money to match available Federal aid on the normal improvement program.

Mr. McVey. Well, I would like to, perhaps, direct this question to Mr. Gudeman, and that is why some States are overlooked in awarding these Government contracts.

It would seem to be let out on the basis of patronage, would it not?

Mr. Gudeman. Well, I am not sure I know exactly what contracts you are talking about. In our own Department we are concerned primarily with area redevelopment and with public roads under Mr. Whitton.

I think Mr. Whitten has answered the public roads part. We are not concerned with any other contracts given, defense contracts or others and, therefore, I am not able to answer your question.

Mr. Baldwin. Mr. Chairman?

Mr. Fallon. Mr. Baldwin.

Mr. Baldwin. Mr. Gudeman, the Maritime Administration is one of the agencies under the jurisdiction of the Department of Commerce, is it not?

Mr. Gudeman. That is correct.

Mr. Baldwin. Every maritime shipbuilding union on the Pacific coast, I think, has been in contact with me to say that instead of the Maritime Administration carrying out their obligations on an expeditious basis for letting of contracts for the building of merchant marine vessels, that there actually has been a deliberate slowdown within the Maritime Administration, and that many of the contracts

that could have been let for new ship construction during this present fiscal year are being pushed into the fiscal year 1963, not to be let or actually gotten under construction until after July 1.

Now, I do not think the shipbuilding unions are just making misstatements of fact.

They point out that the Maritime Administration has authority to let these contracts. They have got funds to do it and they have not done it.

Now, if your statement indicates that the Department of Commerce is so anxious to expedite construction and provide jobs, why has not the Department of Commerce broken this roadblock in the Maritime Commission?

Mr. GUDEMAN. Well, the shipbuilding program has been carried on within the funds available as logically as we could approve the ships, and at the same time try to stay within a reasonable expenditure of subsidy money.

Mr. BALDWIN. When you say "a reasonable expenditure," that is in direct contradiction with your statement.

Your statement says you need additional funds to speed up expenditures to provide jobs, but you have got funds that you are not expending.

Mr. GUDEMAN. Well, we think that we have put forth new ships to the degree that they should be, sir, in the Maritime Administration.

It is true that not all of the expenditure was utilized at the particular time. We have tried to, as I have said in my statement, spread some of this work so as not to have ups and downs in the curve, but to give more even production to ships.

And I might add that we are trying our best to work that out over a long period of time.

Mr. BALDWIN. But your statement here says that you need $600 million immediately to provide additional employment, and you have got funds available to the Maritime——

Mr. GUDEMAN. But that $600 million is not all for ships, sir.

Mr. BALDWIN. I know that, but my point is that the administration says it needs $600 million to be appropriated by Congress to provide additional jobs and it has got funds in the shipbuilding program that it is not using, and that it is deliberately deferring.

Mr. GUDEMAN. Well, you are talking about certain areas, in the first place.

The $600 million would be used throughout the United States in those areas that required it because of unemployment or underemployment. Part of that is in shipyard areas, there is no question about that.

I must answer you, however, by saying that we have gone forward with the shipbuilding program in what we think is a very sensible way, and, while we have not utilized every bit of money available during the past year, I think you will find that that is not the case during the coming year, and that we are trying to spread the work in the shipyards as best as can be done.

Mr. BALDWIN. Can you tell me how much of the funds, that would be available to you if you wanted to use them, have not up to today been committed for shipbuilding——

Mr. GUDEMAN. I have not got that figure in mind. We will get it for you, though.

Mr. BALDWIN. Can you submit it for the record?

Mr. GUDEMAN. Yes, I will be glad to do so.

(The material was furnished for insertion.)

Funds available under ship construction appropriation during fiscal year 1962

1. Unobligated balance carried over from fiscal year 1961	$54, 881, 741
2. Appropriation fiscal year 1962	98, 000, 000
Total available fiscal year 1962	152, 881, 741
Obligated through Feb. 28, 1962	—43, 106, 414
Obligations Mar. 1, 1962 to June 30, 1962, estimated	—45, 896, 586
Unobligated balance June 30, 1962, estimated	63, 878, 741

Of the balance being carried over into fiscal year 1963, $56,250,000 is for construction-differential subsidy for nine new ships and acquisition by the Government of the ships being replaced. These nine ships (four for Grace Line and five for United States Lines) were originally scheduled for contract award on June 1, 1962. Both lines submitted new designs for the type of ships to be built. The normal time required for the administrative processing of these proposals and the technical review of the new designs have delayed the award of these contracts beyond June 30, 1962.

The balance of the unobligated funds, $7,628,000, being carried forward into fiscal year 1963 is being held in reserve to cover adjustment of prior years' contracts.

Mr. CRAMER. Mr. Chairman?

Mr. FALLON. Mr. Cramer.

Mr. CRAMER. I think this line of questioning by the gentleman from California, this is an interesting ball game. You have three batters and one pitcher, but I will do my best to ask questions of all three.

Mr. Baldwin's questioning was with regard to unobligated funds.

Now, how much in area redevelopment, Mr. Batt, does there remain unobligated?

Mr. BATT. By the end of the fiscal year we will have——

Mr. CRAMER. I mean now.

Mr. BATT. Well, the projects that are in the works will be committed by the end of the fiscal year but, as nearly as we can estimate, we will have committeed $72 million of the $72 million that was appropriated under section 6 of the business loans part of the program.

We will have committed all of the training money. We will have committed all of the technical assistance money under section 11.

And we will have committed about $40 million out of the $90 million made available by the Congress under sections 7 and 8 of the public facilities part of the program.

Mr. CRAMER. For grants and loans and——

Mr. BATT. For grants and loans for public facilities connected with new industrial plants.

Mr. CRAMER. You have $50 million unobligated that could, if the President gave an order to accelerate public works within your existing authorized authority—you would have $50 million available to put in public works programs relating to redevelopment if the President should see fit to give an acceleration order.

Is that not correct?

Mr. BATT. Well, sir, under the authority that we have under section 8 of the act, as Congressman Blatnik tried to point out we are limited both by the amount of funds and more particularly by the limitation put in by Congress.

These are not public works as contemplated in the proposed act be-

fore you. These are public facilities which will relate to, and I quote the act:

the location, the establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment in such areas.

So the kind of thing that we are talking about, Congressman, and the kind of loans and agents that we have made so far have been loans and grants to such as that to Cambridge, Md., for a sewage system out to an industrial park which will provide or permit a branch plant of a midwestern company to locate there, and a company already in the community to expand, and create 875 new pobs.

There is one in Mountain City, Tenn., a combination grant and loan of $160,000, to permit the Leco Manufacturing Co. to locate there.

Is that in your jurisdiction, Mrs. Reece?

Mrs. REECE. Yes.

Mr. BATT. But we have to see a bird in hand.

We have to see the particular permanent jobs that this loan or grant is going to provide.

Mr. CRAMER. What you are saying then is that this bill has no application to area redevelopment authority presently existing under existing legislation?

Mr. BATT. Well, but, you see, the act also says that we should do everything we can through every existing agency of the Government to help these areas get rehabilitated.

What we found is an enormous number of demands for things which do not strictly come under our program, but which are most useful and need to be done. And I have——

Mr. CRAMER. What you want to be done are local public works in new programs that never have been, and are not now, financed by direct grants by the Federal Government.

Is that what you are talking about?

Mr. BATT. They are all across the board—some of them are hospitals, some of them are sewage disposal plants.

Some of them are roads, and these have been authorized but there are projects that are now several years down the road that could be accelerated under these bills——

Mr. CRAMER. Have you requested, under present authority, that the President consider, in these areas of redevelopment where the admitted unemployment problems or other problems exist, that such public works programs, which are already authorized by Congress and where there are unobligated funds, be accelerated in these areas?

Mr. BATT. Within the limitations in present authority, every one of the Federal agencies have assured us and have assured the President that they are doing everything they can.

The distinction was made very well, sir, in the President's letter, which was put into the record by the chairman of the Council of Economic Advisers, and I think it may well be worthwhile reiterating here.

And this is what he said:

The area redevelopment program, however, is a continuing effort to help communities to attract new and permanent jobs to solve their long-range economic problem; it is not primarily designed to provide immediate relief of distress caused by unemployment, or to assist in the general rehabilitation and improvement of public facilities.

I believe that a further Federal effort is necessary, both to provide immediate useful work for the unemployed and the underemployed, and to help these and

other hard pressed communities, through improvement of their public facilities, to become better places to live and work.

You see, you are doubling the ante in the bill that is now before you. You would include not only redevelopment areas, but you would also include the labor surplus areas which have been such for over a year, to help these and other hard pressed communities to become better places to live.

Mr. CRAMER. If you put all of this $600 million that you are asking for in the some 900 communities that you say are in your area redevelopment program——

Mr. BATT. No, sir, about half of them. As I say, in terms of population and labor force and unemployment, about half of this is included in the area redevelopment program that we are related to, and about half of it is related to the labor surplus areas of a year or more.

Mr. CRAMER. All right. Both of them. It would mean $750,000 per area.

Now, how much help is that going to be?

Mr. BATT. Well, sir, of course, this is not the way the cookie crumbles.

All of these programs require very substantial local initiation and local participation, and the areas which come in and participate and need the things most, these are the ones which——

Mr. CRAMER. I am talking about the legislation, the legislation authorizing you to go into public facilities of any kind not presently financed, to give 50 percent in grants, and if the city or local community cannot afford it, to put another 50 percent in in the form of loans.

Now, if they went into every area with $600 million, it would be——

Mr. BATT. Well, sir——

Mr. CRAMER. Let me finish my question.

Mr. BATT. Yes, sir.

Mr. CRAMER. It would mean $750,000 per area. Now, that is peanuts—$600 million is not going to do the job, and you know it.

Mr. BATT. Well, sir, if you think the committee would like to increase the amount of money, of course, that might be well worthwhile.

Mr. CRAMER. I guarantee you this much, if we pass the bill for $600 million, the other body would pass twice that amount.

Mr. BATT. The President has not asked for more than $600 million, and the Council of Economic Advisers testified to that point, and they feel that this would create a very substantial amount of jobs and would have a very useful countereffect.

I can guarantee you, from what we know of the needs of these areas, which are reflected in the overall economic development plans that they have submitted to us, that loans would be enough to more than use up the $600 million, in useful projects with long-term possibilities.

Mr. CRAMER. I would like for you to submit for the record a list of those public utility projects which you find under section 8 of the Area Redevelopment Act have been obligated.

I would like to be submitted for the record that information, including the date obligated, the type of project, the cost, the amount of Federal funds, the location, and the status of completion.

Mr. BATT. I would be happy to do so.

(The information referred to follows:)

Department of Commerce

Public facility projects approved under sec. 8 of the Area Redevelopment Act

Description	Date	Direct employment	Sec. 8 funds	Other Area Redevelopment Act funds	Other Federal funds, if any	Total project cost	Status
Gassville, Baxter County, Ark. Water system serving Mar-Bax Shirt Co.	July 24, 1961	1,000	$129,000	[1] $31,000		$160,000	Complete.
Cambridge, Dorchester County, Md. Sewage system will serve Chun-King Co., Western Publishing, and Textron.	Sept. 14, 1961	875	204,000	[1] 68,000		278,500	Coustruction is now one-fourth complete.
Mountain City, Johnson County, Tenn. Water and sewer system serving Leco Manufacturing Co.	Nov. 1, 1961	300	46,300	[1] 60,000		106,300	Complete.
Jefferson, Chesterfield County, S.C. Water system will serve Carolina Corp., Carlisle Co., and Jefferson Bleachery, Inc.	Feb. 19, 1962	500	138,000	[1] 50,000		188,000	Ready for construction.
Pageland, Chesterfield County, S.C. Water and sewer system will serve Sacony of Pageland.	Mar. 6, 1962	150	111,000	[1] 41,000	[2] $37,350	254,350	Do.
Total		2,825	508,300	250,000	37,350	987,150	

[1] Sec. 7 loan
[2] HEW's Public Law 660.

Public facility projects under sec. 8 of the Area Redevelopment Act for which funds have been reserved

SOUTHWEST DIVISION

Description [1]	Date	Direct employment	Sec. 8 funds	Other Area Redevelopment Act funds	Other Federal funds, if any	Total project cost
Pilot Knob, Iron County, Mo. Water system will serve Fort Davidson Oil Co., Fort Davidson Cafe, Schott and Hearnes, CPA's, and a motel.	Mar. 5, 1962		$35,000			$35,000
Oklahoma City, Pittsburgh and McIntosh Counties, Okla. Public facilities will serve 2 sites on Lake Eufala and 4 counties.	Mar. 14, 1962		2,086,191	[2] $420,000		9,886,191
Laredo, Webb County, Tex. Sewer system will serve Laredo Manufacturing Co., Laredo Del Mar Machine Tool Co., Hiway House Hotel, and the Texas Co.	Mar. 22, 1962	3	168,742			185,742
Detroit, Red River County, Tex. Water and sewage system and street improvements will serve Gulf Pickle Co.	Jan. 26, 1962	20	106,000	[2] 130,000		236,000
Stillwell, Adair County, Okla. Increase water supply to serve Stillwell Canning Co.	Feb. 12, 1962	270	420,000			420,000
Hilo, Hawaii Co., Hawaii. Sewer system will serve Kona Inn, Hukilau Hotel, King Kamehameha, Kona Palms Hotel, H. E. Hunt Apartment Hotel, 6 stores, Burgess Shopping Center, and Craig Apartments.	Dec. 6, 1961	300	582,671			582,671
Clarksville, Red River County, Tex. Extension of water and sewer lines, will serve Pats-Co Manufacturing Co., Brooks, Inc., and New Fashions, Inc.	Jan. 26, 1962		146,000			146,000
Clarksville, Red River County, Tex. Access street will serve same as above.	do		57,000			57,000
Total		593	3,601,604	550,000		11,548,604

APPALACHIAN STATES

Morgantown, Monongalia, W. Va. Completion of Deckers Creek interceptor sewer project, Sterling Faucett Co.	Mar. 2, 1962	75	$120,000			$702,906
La Follette, Campbell County, Tenn. Dam for raw water storage to meet demands of growing industry, La Follette Shirt Co.	Oct. 24, 1961	1,036	422,000	[2] $141,000		563,000
Lexington, Hazard-Breathitt Area, Ky. University of Kentucky wood use demonstration center for State of Kentucky. (Technical assistance also requested.)	Jan. 19, 1962	300	615,000			2,054,000
Webster Springs, Webster County, W. Va. Webster County 4-H Clubs; Camp Caesar; an administration building to be used for offices, receiving and registering visitors, conference and meeting rooms.	Jan. 30, 1962	20	49,044			79,344
Lewisburg, Logan County, Ky. Water system. New wood working industry.	Mar. 27, 1962	100	84,000			244,000
Total		1,531	1,290,044	141,000		3,643,250

LAKE STATES DIVISION

Ironwood, Gogebic County, Mich. Gogebic Range Ski Club, Inc., to erect a ski slide and necessary facilities.	Nov. 21, 1961	350	$150,000	[2] $250,000		$400,000
Marinette, Marinette County, Wis. City of Marinette to provide sanitary sewer, storm water drainage, and watermain extension to serve Wisconsin Telephone Co. warehouse.	Jan. 5, 1962	28	50,000			50,000
Total		378	200,000	250,000		450,000

[1] At CFA for final process or at ARA for approval.
[2] Sec. 7 loan.

Public facility projects under sec. 8 of the Area Redevelopment Act for which funds have been reserved—Continued

Description [1]	Date	Direct employment	Sec. 8 funds	Other Area Redevelopment Act funds	Other Federal funds, if any	Total project cost
SOUTHEAST DIVISION						
Fayette, Fayette County, Ala. Sewage-disposal system to serve Sterilon Laboratories, Inc., Lav-O-Rich Dairies, and Fayette Manufacturing Co.	(3)	65	$92,950	[2] $25,000		$175,000
Lancaster, Lancaster County, S.C. Expansion of water system to outlying areas, Spring Mills, Inc.	Feb. 9, 1962	415	975,000	[2] 725,000		1,700,000
Clinton, Van Buren County, Ark. Construction of sewage system for residents of Clinton and Clinton Poultry & Egg Co.	(3)	100	268,000	[2] 80,000	[4] $72,000	348,000
Helen, White County, Ga. Revamp water system to serve Helen Sportswear, and Wilco Hosiery, Inc.	Feb. 9, 1962	20	40,000			40,000
Heber Springs, Cleburne County, Ark. Extension of water and sewer lines and access road to Ely & Walker, Inc. (a garment plant).	(3)	350	71,124			71,124
Total		950	1,447,074	830,000	72,000	2,334,124
NORTHEAST DIVISION						
Auburn, Cayuga and Auburn Counties, N.Y. Reroute sewer and water lines to permit expansion of Alco Products, Inc.	Nov. 13, 1961	1,025	$25,000			$25,000
Auburn, Auburn County, N.Y. Reroute railroad tracks to permit Alco Products, Inc., to expand.	do		25,000			25,000
Woonsocket, Providence County, R.I. Extend water system now serving occupants of Greater Woonsocket Industrial Park in North Smithfield, to Amperex Electronics Corp., Edgcomb Steel of New England, Inc., and Eastern Plastics Materials, Inc.	Dec. 6, 1961	1,400	174,500			174,500
Smith Township, Washington County, Pa. Expansion of water system to Climax Molybedenum, Penowa Coal Co., Lukon Meat Packing Co., Mill Service, Inc., Ivory System, and Bovalina Packing Co.	Jan. 19, 1962	Up to 500	550,000			550,000
Shamokin, Northumberland County, Pa. Railroad siding and industrial site development to comply with present and future industrial projects—Ritz-Craft, Inc.	Feb. 1, 1962	400	93,000			93,000
Scranton, Lackawanna County, Pa. Cleaning, grading, roadway, sewers, utilities for 330-acre Keystone Industrial Park—Trane Co.	Sept. 27, 1961	550	131,500	[5] $138,323		269,823

Borough of Dunmore, Lakawanna County, Pa.	do		81,700			81,700
To provide access road and sewers for Dunmore portion of Keystone Industrial Park—Trane Co.						
Borough of Throop, Lackawanna County, Pa.	do		179,400			179,400
To provide access road, sewers for that portion of Keystone Industrial Park in Throop Borough—Trane Co.						
Scranton, Lackawanna County, Pa.						
To build a vehicular bridge replacing one that is inadequate	Sept. 25, 1961		243,200	[2] 60,800		304,000
Waynesburg, Greene County, Pa.						
Preparation of site for industrial park—Gigi Footwear, Inc., LaBella Footwear, Inc.	Sept. 28, 1961	200	142,200			142,200
Wilkes-Barre, Luzerne County, Pa.						
To establish Scientific Research Center, Wilkes College	Dec. 6, 1961	35	400,000			400,000
Hazleton, Luzerne County, Pa.						
To provide a million-gallon watertank to provide water to Valmont Industrial Park to insure sprinkler lines and process water—Spaulding Plant, Highway Trailers, General Foam, and Foldes Industry	Nov. 6, 1961	1,200	124,555	[2] 200,000		324,555
Somerset, Somerset County, Pa.						
To establish an industrial park	Nov. 8, 1961	2,000	10,080	[2] 16,920		27,000
Butler, Butler County, Pa.	Dec. 13, 1961	200	23,800	[5] 16,088 [2] 23,700		63,588
Preparation of site for construction of building and extension of water and gas lines—Standard Packaging Corp.						
Borough of Petersburg, Huntington County, Pennsylvania	Jan. 25, 1962	200	23,000			23,000
Construction of new plant 23,000 sq. ft. for Petersburg Transformer Corp., sewer lines, water lines, etc. Petersburg Transformer Co. (Tresco, Inc.)						
Providence, Providence County, R.I.	Mar. 21, 1962	1,562	854,000	[2] 217,000		1,071,000
To provide roads and utilities to serve three firms moving to Providence's Huntington Expressway Industrial Park—Providence Wholesale Drug Co., Glass-Tite Industries, Inc., and Anson, Inc.						
Pottsville, Pottsville County, Pa.	Feb. 12, 1962		233,343			233,343
To establish an 80-acre industrial park.						
Hagerstown, Washington County, Md.	do	350	50,000	[2] 53,160		103,160
The development of Hagerstown planned industrial district No. 2—Electronic Teaching Laboratories, Inc., H.M.S. Enterprises, Inc., the Hagerstown Leather Co., the Maryland Ribbon Co., Darbee Manufacturing Co., Inc., and the Taylor Co.						
Lowell, Lowell County, Mass.	do		140,700	[2] 46,800		187,500
Construction and improvement of public facilities, roads, sewer mains, water and drainage mains for Lowell Industrial Park—Morris & Son Construction Corp.						
Newell, Fayette County, Pa.	Dec. 18, 1961		250,000			250,000
Construction of a water system—Allied Chemical Corp. (General Chemical Division) and Pittsburgh & Lake Erie RR. Co.						
Oil City, Venango County, Pa.	Mar. 16, 1962	10	180,700			180,700
Construction of a railroad service track into Venango County Industrial Park; completion of water system; installation of sanitary sewage collection and disposal system—Arnold Graphic Industries, Inc., Columbia Corrugated Container Corp., Pat'N'Wood, Corp., Clarion State College, Oil City Hospital, and the General Manifold & Printing Co.						
Total		9,632	3,936,678	772,791		4,708,469

[1] At CFA for final process or at ARA for approval.
[2] Sec. 7 loan.
[3] Being written and signed.
[4] Public Law 660.
[5] Sec. 6 loan.

Mr. CRAMER. How many areas have been given such grants?

Mr. BATT. I have those figures here.

Mr. CRAMER. How many areas?

Mr. BATT. At the moment, sir, the number of areas which have been given help under our program are 99. These come under several headings. The technical——

Mr. CRAMER. I do not mean "help." I am talking about section 8, grants or loans for public facilities——

Mr. BATT. Under that part of the act, at the moment we have loans or grants that have been completed in seven areas.

We have an additional number in the pipelines involving about 75 areas which are in process, involving about $40 million more of Federal funds.

Mr. CRAMER. How much——

Mr. BATT. And we have about 130 being developed in the areas, themselves, and some 331 that have been referred to other agencies.

Mr. CRAMER. How much does the seven involve moneywise.

Mr. BATT. The seven that have been disbursed involve $1.1 million.

Mr. CRAMER. So, out of the $90 million authorization given by Congress, under section 8, with this great unemployment problem in all of these areas, your agency, being in the Department of Commerce, that is asking for this $600 million as a basis for putting everybody back to work or a good portion of them, has been able to obligate only $1 million, one-ninetieth, to get at this serious unemployment problem.

Now, what is the problem? Is not one of the problems the fact that the President of the United States in January issued orders to all agencies to cut back in Federal spending, to try to balance the budget? Is that not one of the problems that exist? And what has the——

Mr. BATT. No, sir, I can tell you——

Mr. CRAMER (continuing). What has the Department of Commerce done, Mr. Gudeman, with regard to the President's cutback order? Are we not going in two directions at the same time?

Mr. GUDEMAN. We have done nothing to the area redevelopment end of our Department relative to that.

Mr. CRAMER. What else have you done?

Mr. GUDEMAN. We have done nothing in the Department, sir——

Mr. CRAMER. You mean you have ignored the President's order?

Mr. GUDEMAN. No, but there is nothing to be done—there is nothing that the President, in any order that he issued——

Mr. CRAMER. He said that he gave an order to every member of the Cabinet to cut back on expenditures, to try to balance the budget.

Mr. GUDEMAN. Well, let's take Mr. Whitton's situation. He operates out of the highway fund.

There is a certain amount that he has available for public roads, and he goes along and does that over a long range—in a long-range way.

In the Area Redevelopment Administration, as Mr. Batt tried to point out in his testimony, sir, we must have an overall economic development program.

He is just getting started.

Mr. CRAMER. That is right.

Mr. GUDEMAN. It takes time to get started. It will take him several more months——

Mr. CRAMER. That is the point I am getting to.

The area redevelopment program, with this 1-year limitation of construction written into the bill, does not provide any relief in implementing area redevelopment.

Is that not correct?

Mr. GUDEMAN. I would like to answer you. I think we have to divide this into two parts.

One is area redevelopment itself, which is a long-range program to rehabilitate areas that are unemployed and underemployed.

It requires a study, an overall economic development program, for that area that must be worked out.

I know, as that is worked out, there will be public projects that then can be pulled out of there, out of the area itself, and utilized on an immediate basis if this money is made available.

Mr. CRAMER. By a 100-percent Federal grant authority under the $600 million, and if you take one project in each area, the project can only be equal to $750,000.

Now, how many people——

Mr. GUDEMAN. I agree with you, if you take one in each area, the money available is not very large.

It is like dividing up GNP among all the people in the United States, but nothing is every done that way.

Mr. BLATNIK. Will the gentleman yield on that point?

There is no intention to take all of these areas and spread the money uniformly into all of them. Certain criteria are spelled out in the President's proposal, and I will read it.

In prescribing such rules and the regulations and procedures, the President said, among other things, that projects under this program would be limited to those which could be initiated or accelerated within a reasonably short period of time and completed within 12 months after initiation.

He also said that other limitations of the standby bill would also apply, for example, projects could be approved only if they were capable of meeting an essential public need, if they would contribute significantly to the reduction of unemployment, and if they were not inconsistent with locally approved comprehensive development plans.

Mr. CRAMER. Exactly the same criteria that they used in establishing the area redevelopment areas.

Mr. BATT. No, sir; this is far more stringent.

First of all, the community itself has to organize the overall development plan. Secondly, it has to get that approved by the Governor and by the Department of Commerce, the Area Redevelopment Administration.

Thirdly, it has to come in under that plan with comprehensive proposals, proposals for the investment primarily of private capital with Federal money to make the mule go to put together the project.

Now, the public facilities that are connected with our projects and, incidentally, we have reserved funds for 43 separate projects totaling $14.3 million and providing some 16,000 jobs in these areas. These public facilities have to be related to the creation of permanent long-time jobs in private industry; that is, you have got to find private capital, Mr. Cramer, willing to invest in these areas.

Now, this is a long-term job, and I am amazed, quite frankly, and most pleased that we have been able to get valid and sound projects that would utilize as substantial a proportion of the funds as will be utilized by the end of the fiscal year.

Mr. CRAMER. Well, Mr. Secretary, this request for authority by the President is, in particular, the $2 billion standby authority, and it largely relates to the $600 million request which is an amendment proposed, and it appears to me to be one of the most brazen Presidential power grab proposals ever presented to the Congress.

Now, to make such a proposal, giving the President the power to transfer funds, you know, he can take money from the ARA which is unobligated. He can take money from the Highway Trust Fund. Is that not right?

Well, the trust fund is excluded, but he can take money from the ARA redevelopment and he can take it from RS–70 if it is not spent. It has already been testified to that effect.

He can take the $300 million not spent, on his own orders, even though Congress gave him the money for VA, direct loans, that he refuses to expend, which is an area that could help unemployment, in my opinion, as much as this total $600 million package, in home construction direct and indirect benefits.

He has put a shutdown order on VA loans even though he admits, the administration admits that they have got 3,600 applications sitting there.

And the administration thus is asking for power to transfer funds between departments that has never been given to the executive branch of the Government——

Mr. BLATNIK. Mr. Chairman?

Mr. CRAMER. Just a minute. I am asking a question.

Mr. BLATNIK. You are asking the question?

I do not mean to interrupt you but, honestly, we have heard that now about eight times in the last 3 days. You are correct, you are stating the facts precisely. You are stating what the President is recommending and the statement or request was made in his behalf by his top administration spokesmen at the opening of the hearing on Monday morning.

These men here represent a department, and this is the Under Secretary of Commerce and his two top aids which would be involved in this program if Congress approves the President's request.

Now, we can expedite these hearings if we keep in mind what roles and what contributions the agency could make in this program if it were adopted.

Mr. CRAMER. You have not given me a chance. The gentleman made a 10-minute speech at the beginning of these hearings——

Mr. BLATNIK. The gentleman did not make a 10-minute speech——

Mr. FALLON. Let's have order, please.

Let me say to the committee, there is nothing that the chairman can do if the gentleman remains within the rules of the House and the committee as to what language he might use or what expressions he might make before the committee except that the Chair would like to request that the members stay within the realm of what these gentlemen have control over rather than to go into other agencies.

I think that the gentlemen probably know just exactly what the bill will do and, certainly, we have discussed the transfer of funds from other agencies, or, that this will give the President the power to transfer funds from one agency to another if he so desires under this legislation.

So we are all agreed on that, and if we stick to just what these gentlemen have control over I think we can get along much faster.

Mr. GUDEMAN. Thank you, Mr. Chairman.

Mr. CRAMER. It also authorizes the President to do a lot of other things, and the reason I was pressing the question in that form is because the Secretary has made numerous statements about the general economic conditions in the country and the causal relationships between what the Government is doing and not doing, and unemployment, and I wanted to ask him this question:

What has happened in the last few weeks to justify this sudden request for $600 million immediate authority with regard to unemployment?

Is it not a fact that the administration's program which, last year, was legislated and this year is a loan which requests additional expenditures in the amount of $2 billion in total programs to meet this unemployment program, is not succeeding?

Now, what justifies at this time this request on such an emergency basis?

Mr. GUDEMAN. I would like to answer that.

Mr. CRAMER. Yes.

Mr. GUDEMAN. I do not think that the administration has failed at all.

I think economic growth has gone forward in the past 15 to 18 months better than anyone could have anticipated and, as a former businessman, I must say to you that I am pleased how the GNP has grown over the past year.

On the other hand, even though that is the case, our unemployment figures still stand at 5.6 percent. And it does not appear, from all the projects that we can make that that will be reduced materially during this year even though we will have economic growth and continued economic growth just as the President has said and as Mr. Heller, the counsel of the economic advisers, has said.

We will continue to go along, call it with "reasonable prosperity" if you wish, but the GNP is not growing the way that we have anticipated or hoped for.

And, therefore, this $600 million will give an added boost to the economy——

Mr. CRAMER. How many people would it end up providing employment for if the total $600 million were spent under it?

Mr. GUDEMAN. About 125,000 people, sir.

Mr. CRAMER. Out of the how many million of unemployed?

Mr. GUDEMAN. Well, let's see, what does it run now—5.6? That is 4½ million, is it not—4½ to 5 million?

Mr. CRAMER. So it might employ one-fiftieth of those unemployed.

Let me ask you, how many new jobs were created by the accelerated $400 million highway D funds, additional authorization passed by Congress in 1958?

That is $400 million. That is two-thirds of what is being requested.

Mr. WHITTON. May I call for that answer?

It is 135,000,342 man-hours.

Mr. CRAMER. How many?

Mr. WHITTON. 135,000,342 man-hours—I mean 135,342,000 man-hours.

Mr. CRAMER. How many people? How many new employees? How many unemployed——

Mr. WHITTON. Well, this 135 million could be divided by 1,600 man-hours per year and it will give you the number of employees.

Mr. CRAMER. 1,600 manpower-hours per year—1,600 man-hours per year, by 8 hours a day, would be 2,000 people. Is that right?

Mr. WHITTON. Well, I have not figured it that way.

Mr. BLATNIK. 1,600 man-hours a day would be 200 days a man per year.

Mr. WHITTON. Let me get the answer accurately and put it in the record, if you would like.

Mr. CRAMER. I would like to have it.

Mr. KUNKEL. Will the gentleman yield?

Mr. CRAMER. Yes, sir.

Mr. KUNKEL. There is one thing here that I do not understand in your testimony, Mr. Batt, and that is on page 7, in the middle of the page, the fourth paragraph:

> And right now, while the rest of the economy is on the rise, is the ideal time to accelerate such projects in unison with the Area Redevelopment Administration's long-term investment in permanent job-generating projects.

As a matter of fact, under this bill, if I understand it, you cannot do it under present conditions.

You have to wait until you have a further drop in unemployment before it can be triggered.

Is that not right?

Mr. BATT. No, sir. The proposal of the President is that in areas both of long-term unemployment and in areas of substantial labor surplus you could accelerate with $600 million right away, without waiting for the trigger necessary in the standby.

Mr. KUNKEL. You could not accelerate the $2 billion, could you?

Mr. BATT. That is correct.

Mr. KUNKEL. That would have to wait, but the $600 million——

Mr. BATT. That is correct.

Mr. KUNKEL (continuing). Would not have to wait?

And so that, actually, the $2 billion has no application to the conditions unless they get worse, and it would not be an ideal time?

Mr. BATT. An ideal time for what, sir?

Mr. KUNKEL. To accelerate such projects because you could not do it at the present time as long as conditions keep as good as they are, even assuming that they do not improve.

Mr. BATT. This is an ideal time to accelerate our program because in a period of——

Mr. KUNKEL. Then is this directed only to the $600 million, this statement?

Mr. BATT. Yes, sir. In the rising period of employment, as you well know, with the economy on the rise, then new capital investments and new plant equipment, which is the most sensitive index that we are concerned with, is on the rise, and plants are expanding and we

can get some of those plants into areas like the upper end of your district which is one of our long-term unemployment areas.

It is only when business is expanding that such plants are interested in our program.

Mr. HARVEY. Will the gentleman yield there?

Mr. GUDEMAN. May I refer you, Mr. Congressman, to the last portion of that paragraph where Mr. Batt says that it is the ideal time to accelerate such projects in unison with the Area Redevelopment Administration's long-term investment in permanent job-generating projects.

Now, what he is dealing with here is the immediate——

Mr. KUNKEL. Well, now, what is the connection between—as in this bill, between long-term jobs and permanent employment? Is there any connection?

Mr. BATT. This is primarily a public works bill, and our act is primarily a permanent employment act.

Mr. KUNKEL. So this does not do anything to create permanent employment?

Mr. BATT. Except insofar as it requires that the public works be consistent with long-term plans; that is, they would be things which make sense in terms of the long-term plan of the area.

For example, I have here copies of some long-term plans for some counties in Pennsylvania, and they say that their long-term plans include the expansion of existing industry, development of the tourist industry, establishment of technical schools, retraining of present workers, construction of local community facilities, sewage plants, water reservoirs, and flood control.

Now, you see, this is something which we have not been able to finance under our act, which could be financed with additional funds under this proposed act which you have before you.

Mr. CRAMER. May I just——

Mr. BATT. And it would help, obviously—it would help economic reconstruction.

Mr. KUNKEL. It would help but it is not designed to secure permanent jobs?

Mr. BATT. Permanent jobs, no, not primarily, sir.

Mr. CRAMER. A further question I intended to ask the Secretary with regard to this broad delegation of power to the President is this:

Particularly in light of the obvious fact that if it were implemented completely, the $600 million would provide employment for possibly only one-fiftieth of those presently unemployed, do you think that justifies Congress delegating to the President such broad powers, including the power to expend in new areas direct 100-percent grants under programs not now in any way authorized by Congress?

Mr. GUDEMAN. Mr. Congressman——

Mr. CRAMER. Such as the witness admitted the other day, that the money could be spent for local improvements, public purposes, such as golf courses, swimming pools, and even ski jumps, if the local communities decided that that was a public function and requested the money.

Now, how can you possibly justify that?

Mr. GUDEMAN. Mr. Congressman, I believe it is very essential for our industrial system to work in this country at high productivity.

I think this is necessary for our own domestic growth. I think it is necessary to reduce our unemployment, to take care of those——

Mr. CRAMER. It is not going to do it except to the extent of 2 percent.

Mr. GUDEMAN. Well, I think each one of these things is a spoke in the wheel.

Not any single thing will do the whole job, but put altogether, all of the spokes, I think, will give us high industrial activity. And I think this is terribly essential.

Mr. CRAMER. Could not the same thing be accomplished maybe even to a greater extent and with proper safeguards and without the delegation of the power requested by the President from Congress to the executive branch if the President issued an order similar to that issued by President Eisenhower in 1958, instructing all agencies to accelerate their programs, to go ahead and obligate the billions of unobligated funds that existed?

We had an agency here—FHA, was it not—that indicated they had over $2 billion of unobligated funds in different programs.

The President could issue an order accelerating or authorizing the obligation of unobligated funds, appropriated funds, and there would be, in effect, far in excess of $600 million of additional expenditures.

Mr. GUDEMAN. I do not believe that I am in a position right now to sit here and try to answer that question. Maybe that would work and it would help also.

I am directing my remarks to the particular subject that we are discussing, namely, this proposed act.

And I say to you that again, as a businessman, I feel this is one spoke of the wheel that can give us economic growth, make us more competitive with our foreign competitors, and help our GNP grow, which, of course, helps the United States.

Mr. CRAMER. Now, if you want to get into competition with foreign competitors we could spend a lot of time on that.

Mr. GUDEMAN. I think that is one thing.

Mr. BLATNIK. (presiding). The gentleman has consumed 25 minutes on his interrogation.

Mr. CRAMER. That is 7½ minutes per witness.

Mr. BLATNIK. Just a moment. And the Chair wants to hear these other members who have been most patient in putting up with all of this.

We do have one witness, Dr. Gerhard Colm, whom we promised to hear this morning.

He does have a 2 o'clock appointment, and it would be difficult for him to come back.

So, with that in mind, could we complete the questioning of the present witnesses and I would hope that we may complete Dr. Gerhard Colm, of the National Planning Association, this morning.

Mr. Dooley?

Mr. DOOLEY. Is it not a fact, Mr. Whitton, that the accelerated program has had very little effect on those States who find themselves in financial difficulty?

It has not accelerated their road-building program?

Mr. WHITTON. Oh, I think every State has accelerated their road-building program.

Mr. DOOLEY. Are there not some that have not, though?

Mr. WHITTON. No, I do not think there is any State that has not. There are some States that have not accelerated as much as others.

Mr. DOOLEY. Do you think that, collaborating with the ARA, you could do it?

Mr. WHITTON. Well, we could do a different type of highway work under this program than we are doing under our present program, and, while I am talking, may I answer Mr. Cramer?

I think the number of individuals involved in that program was about 85,000 on my rough figures.

Mr. CRAMER. That is about—may I?

Mr. BLATNIK. The gentleman from New York has the floor.

Mr. DOOLEY. I yield, Mr. Chairman.

Mr. BLATNIK. Mr. Cramer?

Mr. CRAMER. Well, I have no comment.

Mr. MCVEY. Will the gentleman yield?

Mr. BLATNIK. Mr. McVey?

Mr. MCVEY. Mr. Whitton, I am seriously concerned that public works and patronage are related. They are "kissing kin," I am afraid.

And you mentioned a minute ago that you did not believe that this would occur in the Federal aid highway program.

In light of that, I would like to ask you why was 185 miles of extension of the Interstate System granted in the State of West Virginia when, in the Midwest, there are many areas where there appears to be a greater need, and expansion would do more for economic growth.

Mr. WHITTON. The 185-mile section in West Virginia and Pennsylvania was added on a request by people from the States, including the Governors, and, incidentally, that request for an addition had been in the record and was under consideration in 1957 when some 2,100 miles were added. And the request was approved by me because I thought it was justified, and I thought it was justified because of a number of things.

First, Pittsburgh is the eighth largest city in the United States, and it did not have an interstate route to the south.

And by adding that connection it provided a north and south route through Pittsburgh from the lakes south, with sections to the southern part of the United States, even to Florida.

Secondly, the road did pass through some rather large cities in West Virginia which were industrial cities, where the employment was bad. In my judgment the route made a very fine interstate connection.

We thought that we were safe in making that addition out of the 300 miles remaining in the unobligated or uncommitted interstate mileage because our surveys are now completed on 70 percent of the mileage, which is a pretty good percentage.

So that was the reason that I recommended that it be added.

Mr. MCVEY. Thank you.

Mr. ROBISON. Mr. Chairman?

Mr. BLATNIK. Mr. Robison?

Mr. ROBISON. Mr. Gudeman, let me direct my question to you.

In an attempt to clarify, in my own mind, the objectives of the legislation we have before us, it would seem to me that there are two

objectives. One has to do, first, with the standby $2 billion authority which is, if I understand the way it has been described—it is looked at by the administration as a needed weapon in our arsenal of antirecession tools.

Everyone so far has told us that we are not in a recession now.

You do not think we are going to do too badly for the balance of 1962, but there is little doubt, at least to my knowledge, that they are going to use the standby authority this calendar year. Would you agree with that so far?

Mr. GUDEMAN. Under the triggering mechanism in the proposal I do not expect that the $2 billion program would be put into effect this calendar year.

Mr. ROBISON. Now, the second objective comes in with the additional proposed amendment suggested by the President for a separate program of $600 million immediately effective public works acceleration program which, evidently, is designed to assist the redevelopment areas in those areas which persist in unemployment.

It is not really an antirecessional weapon, as I understand it. It is not designed to do that.

It is designed to help the areas which the current recovery is passing by.

Would you agree to that?

Mr. GUDEMAN. I would agree to that. I would go a little further, but you go ahead, sir.

Mr. ROBISON. So, in a sense, we have two things before us:

One is a suggested antirecession weapon, and the other might be described as a little, or, a one-shot or a short-term Area Redevelopment Assistance Act by itself.

Would that be correct?

Mr. GUDEMAN. Yes, I think that is putting it rather well, as a matter of fact.

As I tried to answer Mr. Cramer, even though our economy is going at a good rate we do have an unemployment rate of 5.6 percent which runs considerably higher in these areas that I have mentioned and that you have mentioned. And we do need immediate methods of coping with that.

Now, anything that is done along that line, and I continue to describe it as another spoke in the wheel, to help economic growth, gives you that extra push, and that stimulates the economy and keeps it growing.

Mr. CRAMER. Will the gentleman yield?

Mr. ROBISON. Yes.

Mr. GUDEMAN. And, therefore, I think that its utilization at the present time is a good idea.

Mr. ROBISON. I will in just one moment.

Now, this problem of the long-term effect of the Area Redevelopment Act, the one we passed last year, this was known, of course, to the administration.

It should have been known to Congress apparently last year but evidently we failed to take effective action that would be of immediate effect in these areas.

Whatever the reason is for the loophole, if you want to call it that, of the immediate effect of the Area Redevelopment Act, was not made known to the Congress last year?

Mr. GUDEMAN. Well, I think when we first opened this session that Mr. Blatnik answered that very, very well.

He said that the Area Redevelopment Act had been vetoed twice and that if it had passed some 3 or 4 years ago, that the projects which Mr. Batt is just beginning to work on and just beginning to get organized, and in a very, very excellent way, I might add, would already be organized and would be working.

And I am sure that 2 or 3 years from now, and it takes that long—I know it takes that long from my own experience in business—the Area Redevelopment Act will be working and will be doing the things that you have just mentioned.

Mr. BLATNIK. I was one of the original coauthors or sponsors of the Area Redevelopment Act way back years ago with my former colleague, Senator Paul Douglas, and it has always been my understanding that it would take a long time to build up, and at that very time we were also proposing community facilities and public works for the short run to take care of immediate problems.

We always recognized that the area redevelopment program would be a long time in building up.

Mr. CRAMER. Will the gentleman from New York yield?

Mr. ROBISON. For one question, and then I will yield down this way.

Mr. CRAMER. Well, the suggestion that I made, and asked for a comment on, was that here they are asking for $600 million of new authority, unprecedented authority, in the hands of the President, and I think, it is obvious that if the President wanted to do something and do it now, he has all the authority he needs, and all he would have to do is to issue an order accelerating presently authorized funded programs to immediately take up some of the slack, and it would have far more effect than a small $600 million or possibly 2 percent employment program.

Now, why is not consideration given to that rather than asking Congress to authorize and permit such broad powers to be used by the President in the alternative?

Mr. BATT. There are, of course, Mr. Cramer, an enormous number of programs with real potential in these areas.

Things are really badly needed in these areas, such as dams, soil conservation service dams, that are listed by the Department of Agriculture and sewage disposal plants, that are listed by HEW, which are backlogged up.

There is a large backlog, and the Secretary of HEW justified that as to the sewage disposal plant—$19 million is the limit under his budget for 1 year, but we have in my State of Pennsylvania an enormous——

Mr. BLATNIK. Sewage disposal plants that——

Mr. CRAMER. That is the point. If the President wants more money in those areas let him propose it——

Mr. BATT. That is exactly what he is doing.

Mr. CRAMER (continuing). And come to Congress and ask for it.

Mr. BATT. That is exactly what he is doing.

Mr. HARSHA. Mr. Chairman?

Mr. BLATNIK. Mr. Harsha?

Mr. HARSHA. I would like to direct my question to Mr. Batt, if I may.

Mr. Batt, is it your understanding that if this public works program, the $600 million program that we have in mind here, is enacted into law, that, for example, to obtain a hospital in one of these areas that you have classified as a depressed area, they would have to go through the same procedure that they go through now to have a project of this type approved and finally given the go-ahead signal?

Mr. BATT. Oh, yes, sir, there is no doubt about it. There is a big backlog in which engineering is already completed.

Mr. HARSHA. You would still have to go through your local community and your State and county to get the approval?

Mr. BATT. There are already on file in the Department, sir, a substantial number of authorized projects.

We have in Pennsylvania a large number of hospitals that are already authorized, already engineered. They are waiting for the funds to become available.

Mr. HARVEY. In other words, you would administer the $600 million?

Mr. BATT. This would be done under the Hill-Burton Act by HEW.

Mr. HARSHA. That was my next question.

The hospital, for example, would have to meet the qualifications and restrictions of the Hill-Burton Act?

Mr. BATT. Certainly.

Mr. HARSHA. Even if this public works bill were——

Mr. BATT. Certainly. This is a——

Mr. HARSHA. Well, then——

Mr. BATT (continuing). We do not do anything in our area redevelopment program which is done already by another agency.

We do not now build sewage disposal plants. We do not now build roads. These go through the existing agencies of Government.

Mr. HARSHA. Well, then this is not going to be a speeded-up process. It is going through all of this redtape that you are talking about?

Mr. BATT. Well, you see, in the already established programs there is a backlog.

Take the way it was done in the 1958 recession. There is a backlog of projects already engineered, and they could be accelerated—turned on like a faucet—if the additional funds became available.

Mr. HARSHA. Well, now, is it your understanding that under this $600 million program that all of the construction money to be provided—that all of the construction money is to be provided by the Federal Government or——

Mr. BATT. No, as I understand it, it is a share plan in almost every case.

Mr. HARSHA. Even under the speeded-up program?

Mr. BATT. Oh, yes.

Mr. CRAMER. The $600 million provides for——

Mr. BATT. I am sorry, sir. As I read it, it provides for a matching, and I think there is a provision, in extraordinary circumstances, for going higher than the stipulated percent.

You will be interested to know, I trust, that the division between total loans and grants for public facility projects is running about 50–50.

Mr. HARSHA. Well, then I have one further question, if I may, Mr. Chairman, and I realize there is this formula of what areas you are going to consider in this, and that you cannot consider them all, but that this formula leaves enough leeway that it covers a multitude of sins, so to speak, but can you pinpoint a little more definitely what areas will receive assistance, and my reason in asking that is this:

If you will recall, the Internal Revenue Service Processing Center was to be put in Ohio, and I must say, in all fairness to you, through the good office of the ARA, they recommended that it go in the Sixth Congressional District, which I happen to represent.

Mr. BATT. Our program is pretty broadly bipartisan. This is because this was in a depressed area.

Mr. HARSHA. That is right, and I say, in all fairness to you, I am ready to admit that you did recommend that primarily because it was a depressed area.

Yet, it was taken completely away from there and put in a nondepressed area purely for political reasons because somebody succeeded in getting into the White House, and the spokesman in the White House said that absolutely, it would not go into there because it was going to an area where the men had faithfully supported the administration's program.

That is my reason for asking this.

Frankly, I am inclined to go along with this program because I know the need of this public works, but I want to have some assurance that we are not going to run into this political stumbling block, so to speak.

Mr. BATT. Well, sir, here are the areas which are eligible under the act.

The areas in red and pink are the so-called redevelopment areas, and the areas in blue are areas of substantial labor surplus, which would be added under the President's proposal.

I have not gone far enough. These red and pink areas comprise a lot of real estate, but the number of people, the number of labor force and the number of unemployed, are almost identical to those in the blue areas.

Mr. HARSHA. Well, is there any way that you can pinpoint what areas will benefit with this $600 million?

Mr. BATT. Well, here they are on the map, and they include your congressional district.

Mr. HARSHA. Well, do I have some assurance then that——

Mr. BATT. This is exactly what the President proposed in his proposed amendment.

Mr. HARSHA. That my district will benefit under this?

Mr. BATT. It depends entirely whether they come in with projects. Your area has already been designated.

We have some promising projects in those areas, and we have been knocking ourselves out to try to put these projects together in viable form.

You know the problems as well as anybody. They primarily have to do with the requirement under the Area Redevelopment Act that

there will be a reasonable prospect of repayment, and we are trying to put these together in a way that we will meet that requirement under one act.

But we have got a very impressive overall economic development plan from four or five counties in your area but there are two that we have not heard from yet.

Mr. HARSHA. Thank you.

Mr. BLATNIK. The hearings are recessed.

First of all, I want to thank the Under Secretary and the Administrator of ARA and, certainly, our very close friend, Mr. Whitton, for appearing here today.

The hearings are recessed until 2 o'clock this afternoon.

Mr. GUDEMAN. Thank you, Mr. Chairman.

(Whereupon, at 12:12 p.m., the committee was recessed, to reconvene at 2 p.m., of the same day.)

AFTERNOON SESSION

Mr. FALLON. The Public Works Committee is continuing the hearing this afternoon on H.R. 10113 and H.R. 10318, known as the Standby Capital Improvements Act of 1962.

We have the necessary quorum to start this hearing and members will be coming back. As you probably know, we have had several rollcalls on the new rule on the previous question of the tax bill. So we might as well get started. And our first witness this afternoon is Dr. Gerhard Colm.

STATEMENT OF GERHARD COLM, CHIEF ECONOMIST, NATIONAL PLANNING ASSOCIATION

Mr. FALLON. Doctor, would you give the reporter your full name and title, please?

Mr. COLM. My name is Gerhard Colm. I am the Chief Economist of the National Planning Association which is a nonpartisan, nonprofit organization.

Mr. Chairman, it is a great honor for me to be invited here to discuss the bills which are before this committee. I may mention that I do it in my capacity as being invited as what is called in the trade an expert. I am not speaking as a representative of that association by which I am employed.

Mr. Chairman, it is, in my opinion, highly desirable that the U.S. Government be equipped to counteract recessions promptly if and when statistics indicate that a recession is developing. I am glad the President has proposed a double-pronged approach, namely of tax reduction and of increase in public works programs (besides strengthening the unemployment compensation system). I favor the method of tax flexibility, particularly in the form in which it has been recommended by the Joint Economic Committee, as an alternative to the President's proposal.

The majority of the Joint Economic Committee has recommended that Congress adopt a law establishing the conditions and terms for reduction in the individual income tax rates during a recession and that the reduction become effective by a joint resolution of Congress.

In case of a recession, the effect of tax reduction should be reinforced by an increase in suitable Government programs. Therefore, I also favor the public works proposal, which is incorporated in the bills pending before this committee. In the case of acceleration of public works, a delegation of authority to the President is preferable to action by congressional joint resolution.

The Executive has, traditionally, considerable discretion in determining the pace, the exact timing, of spending on long-range programs. In this case, it is not suggested that a waiting period be provided to allow for possible congressional veto, a provision which is in the President's proposal for flexible taxation. Therefore, we have a period before a Presidential proposal for tax reduction can become effective. This is not recommended for the public works action and therefore a faster action by delegation of authority to the President would be feasible than in the case of a joint resolution.

Mr. Chairman, I would like to focus my testimony on certain essential differences between the two bills which were made available, namely, 10113, which I call in the following abbreviated form, coordination bill, and bill 10318, which I call the standby bill, abbreviating the full title.

I will, with your permission, discuss particularly, first differences with respect to the trigger mechanism; second, the character of programs subject to acceleration; and third, the provision for administration.

Before doing this, I would like to state, with permission of the chairman, briefly how I view the economic outlook and what I think would be the most effective approach for the Federal Government to counteract the threat of recessions and to promote achievement of a desirable rate of sustained economic growth. This will make my recommendations with respect to the pending bills more understandable.

1. Economic outlook and long-term program: We have now been in a recovery period of 12 months which appears satisfactory if the increase in production and income is compared with the increases in production and incomes in earlier recovery periods. The increase in employment, particularly in private employment, however, is unsatisfactory. Official estimates envisaged a $570 billion GNP in 1962 and $600 billion by the middle of 1963—that is calendar 1963—with unemployment at the latter date reduced to 4 percent. While, in the first phase, the recovery movement was largely carried by the rise in Government outlays and the switch from inventory liquidation to inventory accumulation, it was hoped that investments in business plant and equipment would rise at an increasing pace so that recovery would continue with a lesser increase in Government expenditures and reduced support from inventory accumulation.

Business investments in plant and equipment have been rising and are expected to continue to rise but the increase has been somewhat less than was anticipated in the original estimates.

It appears likely in my personal opinion that GNP will fall somewhat short of the expected $570 billion in 1962 and that reducing unemployment to 4 percent by the middle of 1963 is not assured under the present economic trend in the private economy and present public policies.

I foresee an inadequate recovery and a rate of growth below that proclaimed by the President as obtainable and desirable for the American economy. That was a rate of 4½ percent after recovery had been completed.

On the other hand, I see no indication now which suggests to me an early downturn in economic activities or a recession.

In this situation, I would favor the initiation or acceleration of Government programs which would not only directly provide jobs but also open up increased opportunities for private investments and additional employment. By far the most important of such combined public and private programs (outside the defense area) lies in the field of urban renewal and mass transportation for commuting. Education, research, health, water development and ground facilities for air transportation, and so on, are other examples.

In these fields, I would favor long-term plans which assure us that we will devote our growing resources and productivity to the highest priority purposes and which, in turn, will help us to utilize fully our resources and develop our productivity.

Once we have such long-term programs we should be flexible in methods of financing and in accelerating or decelerating the pace of work in order to avoid inflationary excesses on the one hand, and to combat recessions on the other.

Mr. Chairman, I have stated these views on the longer run programs because I am convinced that variation in longer term programs in addition to variation in the methods of financing is the most efficient antirecession policy.

The bills before this committee obviously cannot provide the authorization and the financial resources for the needed long-term programs but they can provide for a desirable acceleration and deceleration in such programs as a means of an antirecession policy.

I will now discuss some of the differences in the two types of bills before the committee.

First, the trigger.

The criteria for determining when acceleration in capital improvement programs becomes effective differ in the two bills in several respects. I will emphasize only one important difference. Both bills provide that the plan becomes effective when unemployment has risen constantly over several of the last 4 or 6 months.

In the case of the coordination bill, the plan also may become effective when unemployment "has exceeded 5 percent during 4 of the 6 most recent consecutive months for which such data is available."

For example, during the last 6 months, seasonally adjusted unemployment rate has dropped from 5.8 percent to 5.6 percent. In these circumstances, the standby trigger would not move. However, the alternative criterion of the coordination bill would move the trigger because the rate of unemployment has exceeded 5 percent during all these months. This shows that the coordination bill provides for accelerated public works not only in the case of a recession but also in case of chronic high unemployment, even during a recovery period.

I can see good arguments why economic growth should be supported not only when production and employment have actually been moving downward for several months but also, and especially, when job creating growth is inadequate and unemployment remains high. I do not believe that reduction in the rate of unemployment from a high

of about 7 percent to 5.6 percent should give us reason for complacency and Government inaction.

I thoroughly sympathize, therefore, with legislators who want to see something done now and not wait until production and employment actually turn down. On the other hand, policies in support of more adequate growth differ possibly from policies designed to counteract a recession. An example is the President's proposal to make immediately available $600 million for high unemployment areas.

For an antirecession measure, I favor a trigger which requires an actual increase in unemployment, as is done in the standby bill. I also favor the provision of the standby bill which requires the President to consult not only employment and unemployment statistics but also "other available economic data." Indeed, I wish the legislation would authorize (but not direct) the President to act when data clearly indicate the beginning of a recession even if statistics are available showing a rise of unemployment for less than the 3 or 4 months as required in the present standby bill.

An increase in the rate of unemployment by one percentage point over 2 months plus other economic data can be sufficient to indicate that a serious recession has started. As earliest possible action is most effective, it would be clearly undesirable if the Government had to wait because of the provisions in the law, as it is now formulated.

I am aware that some people feel that the President should have no discretion in declaring an acceleration period. They fear that a Presidential finding that a recession is threatening or has started may add to pessimism in business circles and thereby contribute to making the recession more severe than it otherwise would be.

Some businessmen may respond to a Presidential declaration in that manner. However, businessmen learn about the threat or fact of a recession not only from a Presidential declaration; they read the statistics as much as the President and his advisers do. On the contrary, a Presidential declaration will assure them that countermeasures are undertaken promptly and this will strengthen the expectation that the recession will be less severe and of shorter duration than it woud be without such countermeasures.

Nothing adds to pessimism as much as when indications of a recession appear but officials hesitate to acknowledge it. I believe that the economic effect of the antirecession measures proposed in these bills would be reinforced by a psychological effect, which on balance will be favorable.

2. The character of the capital expenditure programs: Both bills refer to the "acceleration" of public works which have been authorized. This suggests that, as far as possible, long-term programs should be accelerated which have been regarded by the Congress as essential for the welfare of the Nation. I am, however, somewhat disturbed by the provision, particularly in the standby bill that—

> no financial assistance shall be made with respect to any project or program unless the project or segment of work, to be assisted under this act—
> (1) * * *
> (2) * * *
> (3) * * * can be completed within 12 months after initiation.

This provision of the standby bill might be interpreted as meaning that only "quickies" should be included in the program for financial

assistance to States and local governments. When I asked a civil engineer what local projects could be initiated within a short time and completed within 12 months, he could first only think of "comfort stations" but added "sidewalks" as an afterthought.

Mr. Chairman, this will be a misinterpretation of the spirit of the bill. Indeed, the bill says that the work should be—

> not inconsistent with locally approved comprehensive plans * * * wherever such plans exist.

I also recognize that there are a number of valuable public undertakings which could be completed within 12 months. Actually, in these hearings examples have been given for such growth by programs.

The words "project or segment of work" suggest that the bill is not inconsistent with the idea that the measure should provide for a temporary acceleration of long-term programs; but nevertheless the language requires that at least "segments of work" be identified for financial assistance which may be difficult in many cases.

I see no real usefulness and possible misinterpretation resulting from the provision that the work must be completed within 12 months after initiation or, what amounts to the same result, within 18 months after declaration of the acceleration period.

The coordination bill has no such strict limitation of projects or segment of work which have to be completed within 12 months but, it too, refers to State and local capital improvement programs "which can be begun promptly and completed over a reasonably short period of time." This provision is less restrictive than that in the standby bill, and I think that language is preferable.

The intent of the legislation appears to be in the case of both bills to prevent that financial assistance be given to work which would be done anyway or to initiate work which would lead to expansion in a boom period. Therefore, the bill should require that projects be considered which could be initiated promptly or which could be accelerated promptly and which could either be completed within a reasonably short time or completed with regular funds available over a longer period of time.

The last point, administrative provisions:

Both bills provide that the administration would use the existing agencies to administer Federal projects and Federal financial assistance to State and local governments. However, the coordination bill provides for establishment of an Office of Public Works Coordination and Acceleration. The standby bill makes no provision for a new central coordinating agency.

One can only guess that the President would assign the coordinating function to the Budget Bureau for allocating the authorized funds and would use the Council of Economic Advisers for the interpretation of statistical data and for appraising the suitability of projects for the purpose of aiding recovery. This was written before the Budget Director, David Bell, pretty much outlined that this is the way it would be done.

I believe legislation should not leave these important matters to "implications." Even though the operating functions should be performed by the various existing agencies, one office should have a clear responsibility for expediting that the work be accelerated as fast as possible.

As the standby bill is written, it gives no assurance that the necessary preparatory steps will be taken so that the Government is ready to act when a recession occurs. The coordination bill is much preferable in this respect because it spells out the administrative arrangements and especially the functions to be performed in advance of a recession.

I would like only to see one clarification made in these administrative provisions of the coordination bill. The bill provides for the establishment of an Office of Public Works Coordination and Acceleration and for appointment of a Director and Deputy Director of that Office. I favor establishment of such an office, but I have a strong conviction that it should be located in the Budget Bureau. The experience under the previous administration with a public works office attached either to the Council of Economic Advisers or the White House was not encouraging. Only the location of the Office in the Budget Bureau assures that the acceleration of projects ties in with the longer-range undertakings of high economic and social priority.

I do favor that the functions of the Office be spelled out as it is suggested in sections 4 and 5 of the coordination bill. I believe that it would be virtually impossible to accelerate public works on the State and local level promptly in case of need without having available up-to-date information about State and local projects in various stages of planning.

The Public Works Office in the Budget Bureau might use the services of the Census Bureau, as proposed recently, and the Community Facilities Administration for this purpose. I also think it would be desirable to spell out the advisory rule to be played by the Council of Economic Advisers.

Mr. Chairman, in closing, I would like to return to the remarks I made at the beginning. It is highly desirable that the Government be ready to take prompt and effective action by reducing tax rates and increasing public works as soon as statistics indicate that a recession is developing.

For an antirecession increase in public works, it is desirable that the executive branch be directed to take necessary preparatory steps and be authorized to accelerate programs when the need arises. Such measures can mitigate and shorten a recession. The pending legislation should, however, not be regarded as a substitute for long-term programs. The adoption and pursuit of long-range programs will contribute to steady growth and thereby reduce the probability of severe recessions.

In addition, the acceleration of activities is most effective if long-term programs are underway which can be accelerated or decelerated. While such programs are not the subject of these hearings, they are related to the present proposals because acceleration and deceleration in long-term programs can contribute more to steadiness in economic growth than public works of a character which can be quickly initiated and quickly terminated.

I thank you, Mr. Chairman.

Mr. FALLON. Thank you very much, Doctor.

Mr. Baldwin, do you have any questions?

Mr. BALDWIN. I do have one question, Doctor. If I understand the summary paragraph in your statement, you are stating in effect

that the long-term program such as our long-term programs for construction of flood-control dams and the dredging of harbors and construction of the reclamation dams and things of that kind, are better designed in your opinion for the acceleration and deceleration to make additional work available than developing short-term projects that actually are not presently under construction. Is that an accurate summary of your last paragraph?

Dr. COLM. Yes, Mr. Baldwin. That is exactly. I would like only to bring to your attention, the examples you mentioned as far as I see were mostly Federal programs and I would think there are also very worthwhile programs by which the Federal Government cooperates with State and local governments, and I am thinking particularly of urban renewal and that sort of program.

Now, I would think that if we had a very large urban renewal program as I think we should have, thinking of what the actual need is, these would be programs where we could have a modification in the method of financing and in the pace of construction which would help very much.

Mr. BALDWIN. Yes. Well, on that point, Doctor, Congress gave the Housing and Home Finance Agency last year an authorization of $2 billion for urban renewal plus $650 million for community facilities, assistance to local governments, and it was testified earlier this week that of that sum, only about $600 million of urban renewal has been committed to date and about $150 million of the community facilities funds have been committed to date. So there is $1.4 billion uncommitted funds for urban renewal and about $500 million uncommitted funds for community facilities.

Did I understand you correctly, your feeling is that those funds now available could be speeded up or slowed down by the administrative branch as needed depending on the level of employment nationally? Is that correct?

Dr. COLM. Mr. Baldwin, that would not be a correct interpretation of what I had. My language probably suggests your interpretation.

Once we have such big programs underway that real construction is going on on a large scale, then it could be done. But getting an urban renewal program underway requires very careful planning. I mean, we have seen it here in Washington. For years and years plans are developed, discarded, and new plans developed.

This process of time could be speeded up but probably then at the cost of making very great errors. So I do recognize that at the moment we are not fully prepared for this acceleration or deceleration because we are still too much in the preparatory stage, and, Mr. Baldwin, I want to be quite clear about one thing. As long as we are not yet quite ready to modify the pace of these long-range renewal programs, I do favor as the second best thing the kind of projects which were mentioned to us which are available. That means I would not say let this bill alone and trust that we can do it all through these other long-term programs. We are not yet ready to do that, Mr. Baldwin.

Mr. BALDWIN. Thank you.

Mr. FALLON. Doctor, I just have one question or two questions.

How will public works acceleration help stimulate the entire economy, and will such a proposal have an effective multiplier effect? That is two questions in one.

Dr. COLM. Mr. Chairman, I understood your first question is how would the public works program stimulate the whole economy.

Mr. FALLON. The entire economy.

Dr. COLM. Yes. Of course, the first effect is there where the money is spent, and where people are hired who were unemployed before and construction is probably the area where we have relatively many unskilled labor employed, so it can be of direct help.

Second, there are lots of offside expenditures. When you have a big construction program, you have orders for new construction machinery, you have orders for construction material, and very often these factories producing the material and the machinery are located somewhere else away from the location where your first impact is. That is the offside effect.

Third, we have the phenomenon whenever you raise unemployment and earnings, you have what we call in our economic jargon the multiplier effect because the people who got back on employment, on the paroll, they are spending, they are buying at their grocer, they pay their debts, and thereby through this channel also the effect of the spending, of the original spending, is multiplied and spread over a larger area than the location of the original spending.

We are estimating that for $1 million spending we are creating about 115, 120 jobs, on the side and off the side, and as a very rough rule of thumb, we say the same number of jobs is again created through the multiplier, through the spending of these people on consumption goods, through the fact that some factories have a higher rate of employment, and so on.

So we come, including the multiplier effect, to about perhaps 200 to 250 jobs created by $1 million spending.

Mr. FALLON. Thank you very much, Doctor.

Any more questions?

Doctor, in behalf of the committee we appreciate your presentation here this afternoon which will be very valuable for the members to read in the record. Thank you very much.

Mr. COLM. Thank you very much.

Mr. FALLON. General Cassidy?

STATEMENT OF MAJ. GEN. WILLIAM F. CASSIDY, DIRECTOR OF CIVIL WORKS, OFFICE OF THE CHIEF OF ENGINEERS

Mr. FALLON. General, I want to welcome you here on behalf of the committee and to congratulate you on your recent promotion.

General CASSIDY. Thank you, sir.

Mr. FALLON. I hope that doesn't prevent you from coming back here again.

General CASSIDY. No, sir. I think I shall probably be before the committee again this spring.

Mr. FALLON. The information that you supply to us on the rivers and harbors and flood control is just about as valuable as this committee can get. So we certainly hope there is nothing to deter you from returning.

General, would you give the reporter your full name and title, please?

General CASSIDY. Mr. Chairman and members of the committee, I am Maj. Gen. William F. Cassidy, Director of Civil Works, Office of the Chief of Engineers. I have been authorized to express the views of the Secretary of the Army, as well as those of the Chief of Engineers, on the two bills which the Committee has before it today.

The Secretary of the Army has submitted to your committee a report covering both H.R. 10113 and H.R. 10318. In this report he expresses the views of the Department of Defense in the following words:

As indicated in the congressional findings in section 2 of the bills, the primary ultimate objective in the case of each bill is to promote maximum employment, production, and purchasing power through stimulation of the economy by inaugurating capital improvements when high levels of unemployment indicate the beginning of a recessional pattern. The Department of the Army fully supports this worthy objective.

H.R. 10318 is identical to the legislation which the President submitted to the Congress on February 19, 1962. The Department of the Army, on behalf of the Department of Defense, recommends favorable consideration of H.R. 10318 as a desirable measure to combat the serious economic problems of (in the words of the President's massage of that date) "repeated downward turns in our economy which diminish both national strength and individual opportunity."

The civil works program of the Department of the Army is made up, in the main, of major resources development projects. The planning and construction of such projects usually requires several years. Since the kind of program which would be authorized by the proposed bills is intended to accelerate employment very quickly, and to bring it to an acceptable level over the relatively short period of 12 months, it is obviously not intended to constitute the means by which the Federal Government would accelerate its long-range resource development programs, should that also become necessary in order to restore the Nation's economy.

In other words, the proposed legislation would not affect, to a major degree, the main body of the civil works program; that is, the long-range resource development component thereof. Nevertheless, the Department of the Army would be able to make a very substantial contribution toward the attainment of the short-range objective of these bills by accelerating certain phases of that program.

An inventory of the possibilities indicates that during the 12 months of a capital improvement acceleration period this Department could effectively utilize, in connection with its civil works program, about $85 million in the construction of small projects and the improvement of existing major projects.

A considerable proportion of this amount would be used to provide the additional facilities urgently needed as a result of the spectacular growth of the recreational load at civil works reservoirs. Another large item would be the construction of small flood control and navigation projects.

There would also probably be opportunities for acceleration of the completion of major projects previously placed under construction. This accelerated program could be carried on without rendering it impossible for the Corps of Engineers to accelerate the long-range resource development component of the civil works program, should that also become necessary and provided for in other legislation.

With respect to the military construction program of the Department of Defense, authorizations and appropriations are now substantially in balance; consequently, the passage of this legislation would have no substantial effect until additional authorization is provided. Within the limits of any existing authorization the Department of Defense could accelerate both going construction and new starts which would have an immediate effect on unemployment. In addition to the authorized construction projects, there is always some backlog of repair projects which can be accomplished quickly provided additional funds are made available to the maintenance and operations account for this purpose.

In addition to the construction programs currently authorized and financed, the potential for replacement construction and deferred repair work of the Department of Defense is more than sufficient to absorb the full amount of $2 billion specified in H.R. 10318.

As you may know, the Department of Defense is trying to plan 5 years in advance, but, in view of our advancing technology and shifting world situation,

the execution of such plans will be subject to change which may affect our base structure and location. Consequently, any substantial acceleration of military projects could result in waste. We believe that the proper policy for military projects would be to limit acceleration of construction to those projects already authorized and financed and to limit the application of the new program to a reasonable amount of deferred repair items.

The Chief of Engineers concurs fully in the views expressed by the Secretary. He recognizes the need for, and appreciates the importance of, the proposed standby program and short-term work projects. Experience during the depression of the thirties demonstrated that the initiation of such a program is one of the first steps the Nation should take when the economy begins to decline.

That experience also indicated, of course, that if the decline is not immediately checked it might be desirable to take long-range contracyclical action. It is at this point that our civil works program would come to the fore. But it is not necessary, in our opinion, to provide for such long-range action in the legislation you are now considering.

It is generally agreed that legislation to make possible initial short-range action is essential in any event. The fact that these bills do not comprehend everything that the Nation will need to do—should it find itself confronted by a major recession—does not lessen the need for providing a means of giving the economy a sudden, but powerful, impulse.

Moreover, we already have a large backlog of authorized resource development projects which could quickly be converted into a contracyclical program of long-range projects by simply stepping up appropriations to the extent required. Or if additional legislation should be found desirable for this purpose, it may be separately developed and considered.

In this connection, I am able to assure you that our civil works program provides a remarkable opportunity for quickly initiating a contracyclical program of long-term resource development projects. Our present backlog includes 277 authorized projects which have not been started. The estimated cost of these projects totals about $4 billion. Our backlog also includes 439 projects under way but not completed.

It will require an additional $4 billion to complete these projects. In addition, we shall have submitted to the Congress, in time for consideration during the present session, reports proposing new projects, the aggregate estimated cost of which is roughly $3.5 billion. Hence by the time the present session of Congress is completed we may well have a backlog of authorized work that will cost about $11.5 billion to complete.

Of course this does not mean necessarily that our backlog will be of this magnitude when, at some future time, it may become necessary to initiate a contracyclical program of long-term public works. But it does serve to indicate that there will probably exist at that time an ample shelf of authorized projects which could be started with little delay.

These projects include, as you know, major works such as dams, reservoirs, waterways, harbors, power installations levees and similar engineering structures.

Returning now to the short-term program envisioned by the bills you are considering, I should like to call your attention to the special

importance of providing for advance planning of programs of projects that could be carried out during a capital improvement acceleration period.

Should legislation of this type be enacted it will be necessary for the Federal agencies to seek appropriations for such advance planning. This advance planning will enable us to considerably improve our preliminary estimate of the amount of short-term work we might accomplish in connection with our civil works program.

The Department of the Army considers that a battle against economic depression should be waged with all of the intensity and power that the Nation would devote to repulsing a military threat to its existence. You may be sure, therefore, that we shall discharge to the best of our ability any role the Congress may see fit to assign us in the program you are evolving here today.

Mr. FALLON. Thank you very much, General.

Any questions? Mr. Blatnik?

Mr. BLATNIK. I have no questions, except to comment on a statement on page 5, in the concluding paragraphs of your remarks, General, calling our attention to the need to provide for advance planning of programs and projects. That is one of the drawbacks or gaps that exists currently. By the time the economic indicators show that there is a downward trend, an economic decline into or toward a recession, about that time even if Congress would attempt to accelerate the programs, if Congress decides to give the authority to the President to do so, they never have been able until the present to get any adequate program underway because of the lack of advance planning. It is extremely important that we provide for planning in these different categories so we have an on-the-shelf list of projects as to the type of project, the cost of it, the economic aspects, and whether it is a high manpower utilization or largely machine-type project.

I am glad you mentioned that because it is absolutely essential in relation to whether the Congress retains the authority to make a decision if and when an acceleration of such public works shall be undertaken or whether the administration be given that authority.

It is essential that we do have the on-the-shelf list of projects, particularly small ones, that could be gotten underway quickly. But you would agree that that has been a big handicap so far in not having sufficient money in advance planning of projects.

General CASSIDY. That is correct, sir.

Mr. BLATNIK. We appreciate your statement, General, on behalf of the corps.

Mr. BALDWIN. Mr. Chairman—General Cassidy, could you tell the committee what amount, if any, of the funds we have appropriated last year and in previous years for civil works projects of the Department of the Army have not up to date been obligated?

General CASSIDY. We are about 8 months through the current fiscal year. We are coming into the new construction season. At the present time out of almost $1 billion appropriated last year, we have $279 million unobligated.

Mr. BALDWIN. Would you be in a position at this time to comment as to whether any portion of that sum would still be unobligated as of July 1, 1962?

General CASSIDY. There will be a portion unobligated at the end of the fiscal year. Our schedule of obligations is such that we always hope to obligate all of the funds available to us, but since we are dependent upon weather and other conditions, we usually wind up with an unobligated balance.

Mr. BALDWIN. Could you do anything to speed up the obligation of those funds to meet the need that the administration has stated in its message of Monday as urgent?

General CASSIDY. Yes. By making—funds that are unobligated at this time of the year have been programed. There is a schedule for their obligation. We could attempt to speed up that obligation but generally it is tied into other things, into weather in the North, into the efforts of the local people to procure real estate and to be ready for us to go ahead. So each year when we ask the Congress for money, we have a definite schedule for the use of that money during the year.

Mr. BALDWIN. Now, let me ask a related question.

I think it is important to get as accurate a picture as we can as to where your full-scale, long-range projects would fall under this bill, H.R. 10318.

Supposing you had, for example, a major flood control project, sometimes on these major rivers you have one that involves several dams along major streams where we appropriate large sums for that purpose each year. Or suppose you have a dredging project involving a fairly long channel. I notice on page 9 of the bill, section 8 (a) (1), one of the qualifications for any program under this act is that it can be initiated or accelerated within a reasonably short period of time. And then under the same subsection (a) (3):

> If initiated hereunder, can be completed within 12 months after initiation.

Now, I would like to know as accurately as you can estimate whether you feel many of our fairly sizable public works Corps of Engineers projects, flood control and harbor dredging, are of such a nature that you could take portions of them and accelerate them so that if a bill of this type were passed, would we actually be able to devote a fairly constructive portion of the funds allocated in the bill to the type of projects in which this committee has over the years had a great interest?

General CASSIDY. The major number of our projects do not fit in under the conditions of this bill. They are not susceptible of an acceleration that would bring them in within the time frame.

We do have going work, going contracts, which could be accelerated, some of those. Those would be selective.

We do have small projects, small dredging projects, small harbor projects, which are ready to go and on which the engineering is relatively simple such as small levee projects, where we could design, let a contract, have them underway, and completed in 1 year.

We also have the projects under $400,000 which may be authorized by the Chief of Engineers, flood control projects. And there are some of those that could be brought in under the terms of this bill.

But generally the civil works program of the corps does not fit into this 1-year limitation.

Mr. BALDWIN. One other question. Since you, I guess, will be the only representative of the Department of Defense to appear before us,

am I correct that under the bill, section 9, which deals with appropriations and interim financing, section 9(b) which gives the President the right to cause any unobligated balances of appropriations or contract authorizations to be allocated to any project under this bill, if the Congress proceeds to appropriate the $490 million for the RS–70 program for which we authorized funds in the bill passed in Congress last week, after we had appropriated those funds, if they hadn't yet been obligated, is it true that the President could just take the whole $490 million that we thought should be used to build RS–70's and build firehouses throughout the country under this bill?

General CASSIDY. I am afraid that is a question that I could not answer, sir. It is——

Mr. BALDWIN. Well, I hope you have read the bill. You are the only Defense Department witness we have had.

General CASSIDY. Yes, sir; and it involves a legal interpretation of the wording of the bill. As you have read it to me, it would seem that the President could use any unobligated funds, but as I say, I am not an expert in these matters.

Mr. CRAMER. Would the gentleman yield?

Mr. BALDWIN. Well, I think we should have an authoritative answer from the Department of Defense on that point and if you feel, General, that as of now you are not qualified to give such an answer, could we ask that you provide this committee with an answer from whoever in the Department of Defense is qualified to answer that specific question?

General CASSIDY. I am not qualified and I will ask the Department to provide you with a witness, sir.

Mr. BALDWIN. Either a statement in the record or a witness.

General CASSIDY. Whichever you prefer, sir.

Mr. BALDWIN. Well, I would just like to have a statement in the record. Mr. Chairman, may I ask unanimous consent that General Cassidy submit to us a statement from whomever he feels is the appropriate person in the Department of Defense to answer my question?

Mr. BLATNIK. Yes. May I just clarify one point? I don't know whether it is within the prerogatives or proper for the general to initiate your requestion. May we not initiate the request here?

Mr. BALDWIN. Then may I ask the committee to initiate that requestion of the Secretary of Defense?

Mr. BLATNIK. And it will be properly done through the Corps of Engineers. We will ask that it be done. If not, we will initiate it at the chairman's request, initiate it to the Department of Defense. That is the proper procedure, I think.

Mr. CRAMER. May I ask that that request be amended to include a list of all unobligated funds in all departments under your jurisdiction at the present time, and a statement as to which, if any, or if all of them would be subject to transfer under this section 9(b) of the bill.

General CASSIDY. Yes.

(The material requested is as follows:)

Unobligated balances of civil works appropriations as of Feb. 28, 1962

Appropriation:	*Unobligated balance*
Mississippi River and tributaries	$14,760,975
Construction, general	186,552,591
General investigations	7,926,409
Operation and maintenance	62,893,361
General expense	4,714,600
Miscellaneous	1,751,608
Total	278,600,544

NOTE.—These funds would be subject to transfer under section 9(b) of the bill (H.R. 10318).

Mr. CRAMER. That is in addition to the request on the RS–70, if funds are appropriated.

Mr. BLATNIK. The RS–70 is not under their jurisdiction at all.

General CASSIDY. No, sir.

Mr. BALDWIN. But this is the only witness in the Department of Defense that, to my knowledge, is scheduled for appearance. That is the reason I asked the question.

Mr. BLATNIK. The corps is in charge of certain civil works and military works in the construction of facilities, but when it comes to actual defense expenditures, it is out of their jurisdiction. We shall have the request made.

Mr. BALDWIN. Thank you.

General CASSIDY. If I may make one statement, sir, I am representing the Department of the Army. I believe, in my statement which I read to you of the Secretary of Defense's comments, the Secretary of the Army's comments on the bills, he was representing the Secretary of Defense at that time in my quote. I am only representing the Secretary of the Army here.

Mr. BALDWIN. Thank you.

Mr. CRAMER. And the request, Mr. Chairman, should, as it relates to matters in the Defense Department, properly go to the Secretary of Defense and those relating to the general's jurisdiction should go to him.

Mr. BLATNIK. Sure.

Mr. CRAMER. Mr. Chairman, may I ask a question? A comment has been made with regard to advance planning for public works in section 10, page 11, of this bill which has to do with the Housing and Home Finance advance planning funds, removing the authorization limit of $58 million, the suggestion or the implication that, as a result of that, you would make funds available for projects under your jurisdiction for advance planning. You commented in your statement that advance planning funds being made available during that acceleration period might be helpful. But isn't it true that the Housing and Home Finance advance planning funds type of project is not the same type of project as under your jurisdiction?

General CASSIDY. That would be correct, sir. The mention that I made in my opening statement would be for advanced public funds for the civil works program of the Corps of Engineers.

I stated that other agencies of the Federal Government might require the same advanced planning.

Mr. CRAMER. So that if there were to be advanced planning funds that would in any way accelerate your program or permit you to put into effect programs that could be completed within a year, those funds would have to come out of a direct appropriation from the Congress. Right?

General CASSIDY. That is correct. What we would do, if this bill were passed, at the next appropriation—the next budget, I would ask for funds for planning action under this bill.

Mr. CRAMER. Is it not true also that the planning directed toward this bill would have to be limited to the scope of the bill and that is projects which would be completed within a year?

General CASSIDY. That is correct, sir.

Mr. CRAMER. So that you would have that additional limitation under the bill itself?

General CASSIDY. Yes, sir.

Mr. CRAMER. And you indicate that those categories of projects are rather restricted, such as recreation, on page 3, which you refer to. As a matter of fact, it is a small portion of your work. Is that right?

General CASSIDY. That is correct, sir.

Mr. CRAMER. What portion of it would you say it is? How much moneywise would it amount to in annual expenditures?

General CASSIDY. Annually, it is about $10 million. But under a program such as this it would be possible for us to expend—I believe it is some $65 million for construction of recreational facilities at our existing reservoirs.

Mr. CRAMER. You could expend that much out of this?

General CASSIDY. That is our present estimate; yes, sir.

Mr. CRAMER. That is the program proposed?

General CASSIDY. Yes, sir.

Mr. CRAMER. What kind of projects would they be?

General CASSIDY. This would be to provide roads, parking areas, sanitary facilities, launching ramps, picnic areas——

Mr. CRAMER. Boat-launching ramps?

General CASSIDY. Boat-launching ramps, water supplies, all the facilities that go to make a good recreational area at a reservoir.

Mr. CRAMER. How much has been appropriated this year for that?

General CASSIDY. I do not remember offhand the 1962 appropriation, but for the 1963 request it is about $10 million, sir.

Mr. CRAMER. How much authorization do you have in that program?

General CASSIDY. There is no existing limitation in the authorization for recreational facilities as such.

Mr. CRAMER. Now, in 1958 there was an accelerated public works program, a very substantial one, and a good portion of it was under your jurisdiction, was it not?

General CASSIDY. Yes, sir.

Mr. CRAMER. How much additional money was made available under that acceleration program in 1958?

General CASSIDY. I would have to supply that for the record.

Mr. CRAMER. Do you know approximately?

General CASSIDY. I do not remember at this time, sir.

Mr. CRAMER. It was a very substantial amount, was it not?

General CASSIDY. I could not state at this time, sir.

Mr. CRAMER. And that was made available through the request of the President and congressional action, through the Appropriations Committees, to start new projects and accelerate present projects, was it not?

General CASSIDY. It was to start as many new projects as possible and to accelerate the going projects, yes, sir.

(The material requested is as follows.)

The additional amount made available was $125 million.

Mr. CRAMER. Now, is it not true that of the programs that you have jurisdiction over, particularly in the field of rivers and harbors and flood control, they are not large employee-type projects, are they?

You have one or two dredges on a multimillion-dollar project that works all year, and even if you increased the appropriation, doubling it in a given year, to bring in another dredge for a few more employees, even though you had to spend another million or a million and a half dollars to pay for that work, you would have to do that. Is that not correct?

It is not a make-work type of project or a substantial employment program, is it?

General CASSIDY. It is not a make-work program of the direct type, and, of course, the number of employees varies considerably with the type of work from just a few on dredging to many on the recreational-type programs.

Mr. CRAMER. So that the largest portion of your total program would not make a substantial contribution to the unemployment problem. Is that right?

General CASSIDY. Not directly. That is correct, sir.

Mr. CRAMER. What is your comment with regard to the effect of this program, particularly in the field of acceleration?

As I gather it, you indicated that you feel that under the terms of the bill that if an acceleration of even a large project can be gotten underway, within a reasonable short period of time, even though that acceleration itself is not completed within a year, you have authority under the bill to go into that, is that right, under section 8(a)1?

General CASSIDY. As I read this bill, it states that the project will be completed within 1 year. Some acceleration on our major projects would not come under this bill.

Mr. CRAMER. You do not believe it would come under it?

General CASSIDY. No, sir. I do not see how it would, under the wording, as I understand it.

Mr. CRAMER. Now, when it comes to creating a shelf of authorized projects that could be put into effect, do you not have such a shelf in existence now? Is it necessary to set up priority on this project?

General CASSIDY. We have a shelf of authorizations, sir, and on the major projects there are generally from 1 to 2 years of design before we can go into construction. So I would not say that we had a shelf of projects that were ready to go. We just have a shelf of authorizations. This must be a long-term program to get it underway.

Mr. CRAMER. This legislation does not contemplate or authorize additional planning moneys for your types of projects but, rather, only planning in housing and home finance-type of projects.

So how is this bill going to help you increase your projects on the shelf if you do not get money or if this does not authorize planning money for your projects?

General CASSIDY. This bill would, as I see it, in effect, authorize the corps to request planning money for the small projects which could fit under this bill.

Mr. CRAMER. Where in the bill does it provide that?

General CASSIDY. Since——

Mr. CRAMER. Where does it authorize you to ask for planning money?

General CASSIDY. There is no specific language, as such, sir, but if the program is authorized I would feel that I could request Congress for the funds.

Mr. CRAMER. Do you have an idea of the estimate of the cost of that? How much would you ask for?

General CASSIDY. I have no idea of that estimate right now, sir.

Mr. CRAMER. Could you submit that for the record?

General CASSIDY. I can, sir.

(The information requested follows:)

We would require about $4 million for planning.

Mr. CRAMER. Can you likewise submit the other information I requested for the record?

General CASSIDY. Referring to the—whether or not funds, unobligated funds, could be diverted from present appropriations?

Mr. CRAMER. No. No, I think earlier in my questioning I asked that the information be submitted with regard to the last antirecession public works program.

General CASSIDY. Yes, sir.

Mr. CRAMER. How much money was authorized as a result of the President's request? I would like to know how much of it was actually used.

I would like to know how long it took to get the projects underway, and I would like to know your estimate of what additional employment resulted.

General CASSIDY. Yes, sir.

Mr. CRAMER. Thank you.

(The information requested is as follows:)

The funds appropriated during the 1958 recession were for projects already under construction. The additional funds were all utilized for speeding up the work awarding additional contracts earlier than scheduled so as to create immediate employment. Our estimates indicated that 150,000 people would be employed with the additional appropriation of $125 million.

Mr. ROBISON. Mr. Chairman?

Mr. BLATNIK. Mr. Robison?

Mr. ROBISON. General, it has been said that this proposal in both parts would increase the power of the President and, to a certain extent, reduce, at least indirectly, the congressional power over the machinery for construction of public works of one kind or another.

Whether or not that be so, my question to you is this:

Of the various authorized civil works projects that you have on the shelf, so to speak, it is a fact, and I ought to know because I am deeply involved in this situation and have been for 5 years, that some of those items on the shelf are kept there because of opposition to the construction of such a project usually in upstream areas with respect to whatever the Corps of Engineers might want to do.

The opposition finds its way to the Appropriations Committee, and the members thereof, being loyal unto themselves, say, "okay, if you are against this, the committee also is against it."

Now, I am sure that you, sir, would not take off the shelf one of those projects, but it is possible, is it not, under the language of the bill that an end-run could be made around the Appropriations Committee in that fashion?

General CASSIDY. No, sir. I do not believe it could, sir, because in most of our projects we require local cooperation in the way of providing land easements, rights-of-way, and relocation of utilities.

So unless the local people are ready to go ahead with their portion of the project we still could not get it off the ground, sir.

Mr. BALDWIN. Will the gentleman yield?

Mr. ROBISON. Yes.

Mr. BALDWIN. But this waives all the local fund-raising efforts and says we can loan to them any amounts up to the total amount required?

General CASSIDY. Well, under our authorizations we are not authorized to acquire land, sir.

Mr. BALDWIN. This waives all authorizations and all restrictions according to the way I read it.

Mr. CRAMER. If the local community requested it, it could ask the Government for the money to pay for those, could it not?

There is no restriction on how that money is to be used except that it shall help the employment situation, and that it can be used for public works projects under the tests set out of 1 year and so forth.

General CASSIDY. It is possible that the section with respect to grants could be utilized in this case, but this would imply that the local people were willing to request the grant.

Mr. CRAMER. Oh, yes. In addition to that, you have a few hundred thousand dollar project limit authorization now that you can expend money up to the amount appropriated by Congress without further congressional authorization, can you not?

General CASSIDY. This is correct. I assume you are referring to our authority to construct small flood control projects at a Federal cost not to exceed $400,000.

Mr. CRAMER. How many of those projects are there on the shelf or not constructed yet?

General CASSIDY. A relatively small number, sir.

Mr. CRAMER. Can you get a list of those, including the amount of money that would be involved.

General CASSIDY. Yes, sir. I will also include information on other general authorities available to the Chief of Engineers.

(The information requested follows:)

SMALL FLOOD CONTROL PROJECTS UNDER PUBLIC LAW 685, 84TH CONGRESS

Public Law 685, 84th Congress, which amended previous legislation of 1948 and 1950, provides authority for the Chief of Engineers to develop and construct

small flood control projects that have not been specifically authorized by Congress. Each project, selected must be complete within itself and be economically justified. Public Law 685 limits each project to a Federal cost of not more than $400,000 and total appropriations per fiscal year to not exceed $10 million. Local interests must furnish local cooperation normally required for regularly authorized projects plus bear any project cost in excess of the $400,000 Federal limitations.

Funds appropriated for Public Law 685 are used for two purposes—first, to finance investigation of problem areas to develop the project, and second—the approved projects are financed for construction. Investigations are underway at over 65 locations throughout the Nation. At present, 23 approved projects with total Federal cost of $6.5 million are on the backlog awaiting funding for construction. These projects are in various stages of preconstruction. It is anticipated that over half of these projects will be funded for fiscal year 1963, provided funds requested in the fiscal year 1963 budget are actually appropriated. As new projects are developed and adopted for construction under Public Law 685, they will be added to the backlog list of approved projects. Subject to the availability of funds, backlog projects are funded for construction as soon as possible after the required local cooperation is furnished and necessary advance planning is completed. The backlog list, as of April 1, 1962, is itemized below in order of approval.

Public Law 685 backlog

Location	*Federal cost*
Zintel Canyon, Kennewick, Wash	$390,000
Core Creek, Craven County, N.C	330,000
Kitzmiller, Md	360,000
Bull Creek, Tarentum, Pa	137,000
Robinson Run, Oakdale, Pa	355,000
Green Valley Creek, Calif	174,000
Cherry and Red Fork Creek, Tulsa, Okla	180,000
Chisholm Creek, Valley Center, Kans	367,000
Dry Creek, Hawarden, Iowa	400,000
Upper Marlboro, Md	400,000
Mahoning Creek, Big Run, Pa	377,000
Naponset River, Canton, Mass	150,000
Florence, Kans	340,000
Bayard, W. Va	160,000
West Warren, Mass	300,000
Gregory drainage district, Missouri	400,000
Connell, Wash	273,000
Duck Creek, San Joaquin County, Calif	345,000
Van Meter, Iowa	94,000
Indian Creek, Corydon, Ind	364,000
Mission—Lapwai Creeks, Idaho	50,000
Big Choctaw Bayou, La	207,000
Stranger Creek, Kans	347,000
Total	6,500,000

Small Navigation Projects Under Section 107 of the 1960 River and Harbor Act

Section 107 of the 1960 River and Harbor Act provides authority for the Chief of Engineers to develop and construct small navigation projects that have not been specifically authorized by Congress. Each project selected must be complete within itself and be economically justified. Section 107 limits each project to a Federal cost of not more than $200,000 and total appropriations per fiscal year to not exceed $2 million.

Funds appropriated for the section 107 program are used for two purposes—first to finance investigation of problem areas to develop a project, and second, the approved projects are financed for construction. Investigations are underway at over 75 locations throughout the Nation. At present, three approved projects with total Federal cost of $250,000 are on the backlog awaiting funds for construction. These projects will be funded for construction in fiscal year 1963 provided funds requested in the fiscal year 1963 budget are actually appropriated.

SNAGGING AND CLEARING FOR FLOOD CONTROL UNDER SECTION 208 OF THE 1954 FLOOD CONTROL ACT

Section 208 of the 1954 Flood Control Act provides authority for the Chief of Engineers to clear and straighten stream channels and remove snags and other debris in the interest of flood control. Section 208 limits expenditures to not more than $100,000 on any single tributary and total allocations per year to not exceed $2 million.

There is no backlog of snagging and clearing projects at this time.

PROTECTION OF HIGHWAYS, HIGHWAY BRIDGE APPROACHES, AND PUBLIC WORKS, UNDER SECTION 14 OF THE 1946 FLOOD CONTROL ACT

Section 14 of the 1946 Flood Control Act provides authority for the Chief of Engineers to accomplish emergency bank protection works, to prevent flood damage to highways, highway bridge approaches, and other essential public works, such as municipal water supply systems and sewage disposal plants. Work under section 14 is limited to a Federal cost of not more than $50,000 at any single locality and total appropriations per year are limited to not more than $1 million.

There is no backlog of section 14 projects at this time.

Mr. CRAMER. How much money do you have unobligated—unexpended in that fund?

General CASSIDY. At the present time I would not know, but we use that fund up pretty well each year, by putting projects against it as the project is approved and ready to go.

We get a lump sum appropriation for that.

Mr. CRAMER. I know. How much was it last year?

General CASSIDY. $1 million for small flood control projects.

Mr. CRAMER. What is being requested this year?

General CASSIDY. $3 million.

Mr. CRAMER. How much of last year's has been obligated?

General CASSIDY. At the present I do not have the figures, sir.

Mr. ROBISON. Of the $600 million, on that program——

Mr. CRAMER. Excuse me. Could you provide those figures?

General CASSIDY. Yes, sir.

(The information requested is as follows:)

Status of funds for small flood control project program under Public Law 685, 84th Congress

Appropriations fiscal year 1962	$1,000,000
Carryover from fiscal year 1961	2,600,000
Available for allocation fiscal year 1962	3,600,000
Allocations to specific projects, as of Feb. 28, 1962, amounted to	2,930,000
Obligations, as of Feb. 28, 1962, amounted to	2,005,100

Status of funds for small navigation project program under section 107 of the 1960 River & Harbor Act

Appropriation fiscal year 1962	$750,000
Carryover from fiscal year 1961	--------
Available for allocation fiscal year 1962	750,000
Allocations to specific projects, as of Feb. 28, 1962, amounted to	700,500
Obligations, as of Feb. 28, 1962, amounted to	75,000

Status of funds for snagging and clearing for flood control under section 208 of the 1954 Flood Control Act

Appropriation fiscal year 1962	$100,000
Carryover from fiscal year 1961	625,700
Available for allocation fiscal year 1962	725,700
Allocations to specific projects, as of Feb. 28, 1962, amounted to	255,600
Obligations, as of Feb. 28, 1962, amounted to	190,100

Status of funds for protection of highways and public works under section 14 of the 1946 Flood Control Act

Appropriation for fiscal year 1962	$150,000
Carryover from fiscal year 1961	414,000
Available for allocation fiscal year 1962	564,000
Allocations to specific projects, as of Feb. 28, 1962, amounted to	146,500
Obligations, as of Feb. 28, 1962, amounted to	105,000

Mr. ROBISON. Of the $600 million program what is the planning procedures for that, if you know?

Would the Executive be asking the Appropriations Committees of the Congress for a blanket $600 million appropriation?

Mr. Chairman, perhaps you would know what would be the procedure. The breakdown is $25 million for the balance of this fiscal year and $350 million in fiscal 1963.

What are the appropriations process in that? Do you know?

Mr. BLATNIK. The standard procedure of the administration is to request an authorization, which would come before this committee, and then it would have to come again, a second time, before the Committee on Appropriations.

Mr. ROBISON. But we would not be authorized—not be authorizing a funding item by item project, would we?

Mr. BLATNIK. Not that I know of.

Mr. ROBISON. Not that you know of.

Mr. CRAMER. Will the gentleman yield?

Mr. ROBISON. Yes.

Mr. CRAMER. So far as authorizations are concerned, Mr. Chairman, is it not true that the only authorization we will have anything to do with after the bill is passed—and I am talking about the $600 million amendment—would be if the corps decided to go into new projects that have not been already authorized?

We have nothing to say about it after we vote out the $600 million authorization. Then it goes to Appropriations.

That is compared to the $2 billion where even the Appropriations committee does not get a look at it until after the money has been spent, if the President wants to use unobligated funds.

Mr. ROBISON. Yes, but there will not be an item by item justification for the authorized projects as such, will there?

Mr. CRAMER. No.

Mr. ROBISON. I should ask that of you, General, and I do ask you: Do you know if you have to justify an item by item list, the projects that you might include in this $85 million estimate as to what your department will do in the way of accelerating authorized projects?

General CASSIDY. I am not prepared to answer any questions on the $600 million portion of this bill, sir. We have not yet received it.

Mr. ROBISON. Your $85 million figure refers to the $2 billion standby authority. Is that right?

General CASSIDY. As I understand, in the bill, as far as the work which the corps would undertake in its civil works projects, those projects would have to be under our existing authorizations.

So they would have to be authorized either specifically by Congress or be under the small projects authorization, with a limit of $400,000 for flood control and $200,000 for small harbors.

Mr. CRAMER. Except for local participation. It has to be authorized but local participation could be made available on those authorizations—those authorized projects?

General CASSIDY. Possibly, sir.

Mr. CRAMER. Will you yield for one question.

Mr. ROBISON. Yes.

Mr. CRAMER. Did you get from the President in January, pursuant to his statement to the effect that he was asking all departments to determine where they could cut back expenditures in an effort to try to balance the budget, did you get such instructions in your department and, if so, what has been done?

General CASSIDY. I received no such request, sir.

Mr. CRAMER. That is all.

Mr. BLATNIK. Thank you very much, General.

General CASSIDY. Yes, sir.

Mr. BLATNIK. The last witnesses are from the General Services Administration.

We have the Administrator, our very good friend, Bernard L. Boutin. We welcome you, Mr. Boutin.

For the record, Mr. Boutin, would you give your full name and title, in the usual manner, and identify each one of your staff aides who accompany you here today?

STATEMENT OF BERNARD L. BOUTIN, ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION; ACCOMPANIED BY LAWSON KNOTT, DEPUTY ADMINISTRATOR; WILLIAM SCHMIDT, DEPUTY COMMISSIONER, PUBLIC BUILDINGS SERVICE; AND ROBERT T. DAVIS, DIRECTOR OF LEGISLATION, GENERAL SERVICES ADMINISTRATION

Mr. BOUTIN. Thank you, Mr. Chairman.

My name is Bernard L. Boutin, Administrator, General Services Administration.

I have with me the Deputy Administrator, no stranger to this committee, Lawson Knott.

I also have with me, to my left, Bill Schmidt, who is the Deputy Commissioner of the Public Buildings Service, and I also have Bob Davis, from Oklahoma.

Bob is legislative assistant.

Mr. BLATNIK. Mr. Boutin, do you have a prepared statement?

Mr. BOUTIN. Yes, I do, Mr. Chairman.

Mr. Chairman and members of the committee:

Knowing the constant interest which your commitee has in the public works programs of the General Services Administration and being aware of the good and close working relationship which exists between this committee and GSA in connection with such programs under the provisions of the Public Buildings Act of 1959, I am always delighted to appear before your committee on any matter with which we are mutually concerned.

Especially am I happy to have this opportunity of testifying before your committee today in support of the Administration's legislative

proposals which would provide the President with standby authority to initiate up to $2 billion of expenditures for capital improvements in the event of a future economic recession, and for an immediate $600 million capital improvements program in certain redevelopment areas and areas of substantial unemployment in our country.

The General Services Administration is in complete accord with the objectives of H.R. 10318 and the other identical bills pending before this committee which embody essentially the proposed "Standby Capital Improvements Act of 1962, which was transmitted to the Congress by the President on February 19, 1962. Furthermore, we are in complete accord with the amendment to H.R. 10318 proposed by the President in letter to the chairman of this committee dated March 26, 1962. Such amendment, as you know, would in essence authorize immediate initiation by the President of a $600 million capital improvements program limited to (a) redevelopment areas and (b) other communities which have been designated as areas of substantial unemployment for 12 months or more.

On Monday, March 26, the Chairman of the Council of Economic Advisers, Dr. Walter Heller, testified before your committee in support of the President's legislative proposals and discussed this with the principal policy issues thereof. The Director of the Bureau of the Budget, Mr. David E. Bell, also testified before your committee on that day in support of the President's proposals and discussed with you the financing provisions thereof, the administration of the capital improvements programs involved, and the availability of eligible Federal Government projects which would be subject to the proposed legislation.

Since these basic and important matters have already been thoroughly discussed and dispensed with by the appropriate officials of the administration, it shall be the purpose of my testimony today to provide you and the members of your committee with more detailed information concerning the amount and types of capital improvements projects authorized by the Congress and programed by the General Services Administration, with particular emphasis on those projects which would be susceptible to acceleration under the provisions of H.R. 10318 and the President's proposed amendment thereto.

As you know, the public works programs of the General Services Administration are authorized under the Public Buildings Act of 1959 which provides for the construction, alteration, and acquisition of public buildings of the Federal Government throughout the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States. The programs of construction and alteration of public buildings under the 1959 act afford public works involving needed capital improvements, the programing of which is susceptible to acceleration to stimulate the economy. The nature of the capital improvements involved are such that about 40 percent of the project cost would be for local construction labor in the trades and about 60 percent for equipment and materials usually procured from other than local sources.

GSA's construction program for fiscal year 1963, for which construction funds have been requested, includes 45 projects involving a total estimated improvement cost of $170.5 million. These projects

range in magnitude from $123,000 to $31.8 million. Thirteen projects, which are under $527,000 each, involving a total improvement cost of $4.5 million could, under favorable conditions, be completed in 12 months. The design of each is complete or will be completed about September 1962. The remaining 32 projects are of such magnitude as to preclude their completion in a 12-month period after construction is initiated. Design of the 32 has been completed or will be completed early in 1963 with construction time for individual projects ranging from 15 to 30 months. There is submitted for the record a list of the 45 projects, identifying those 13 projects which would be susceptible to acceleration and which could under favorable conditions be completed within the 12-month limitation.

The General Services Administration has under intensive study a small public building construction program for consideration under the 1959 act involving about 100 buildings with a total magnitude of cost of about $30 million for site, design, and construction. Construction time for these projects would range from 10 to 12 months. Insofar as possible, prototype designs would be used for such projects. Even under an accelerated program 90 to 120 days would have to be added to the construction time to cover site acquisition, adaptation of the design to the site, advertising for bids and award of contract.

GSA's program for the alteration of existing public buildings throughout the United States involves a program of some 300 major projects to be accomplished in 1963 for which $37.7 million was requested in the 1963 budget. In addition an identified backlog of such projects in the magnitude of $331 million will remain after 1963. This backlog includes about 1,000 projects totaling $48 million for repair and improvement type projects, each of which could, under favorable conditions, be completed in a 12-month period. The balance of $283 million would require a longer period for design and construction. Furthermore, the nature of work is such as to not lend itself to performance in segments which could be completed in 12 months.

In closing, Mr. Chairman, let me point out that while the General Services Administration is in accord with the objectives of H.R. 10113, we would not favor its enactment.

As you know, two of the most important differences between H.R. 10113 and H.R. 10318 are the provisions in the former bill which would establish an independent Office of Public Works Coordination and Acceleration and the financing provisions of that bill.

We believe that the establishment of an Office of Public Works Coordination and Acceleration as contemplated by H.R. 10113 is neither necessary nor desirable in connection with the planning, coordination, and administration of a public works acceleration program. It is felt that such planning, coordination, and administration can best be handled through the existing agencies which now have program authority and which presently are engaged in public works or other programs on behalf of the President.

In lieu of H.R. 10113 we strongly recommend the enactment of H.R. 10318 amended as proposed by the President.

Thank you, Mr. Chairman.

(The table above referred to is as follows:)

General Services Administration

Projects in 1963 estimate

CONSTRUCTION, PUBLIC BUILDINGS PROJECTS

	Latest estimated improvement cost	Estimated dates for—	
		Completion of design	Construction award capability
Alaska, Juneau: Post office and courthouse	$12,290,000	June 1962	September 1962.
Arizona, Nogales: Border station (engineering and construction.	1,050,000	do	August 1962.
California:			
Bakersfield: Federal office building	1,444,000	July 1962	September 1962
Calexico: Border patrol station	[1] 304,000	September 1962	November 1962.
Colorado, Denver: GSA stores depot	5,931,000	Completed	Immediate.
Connecticut, Wallingford: Post office, etc	928,000	March 1962	May 1962.
Florida:			
Gainesville: Post office and court house	2,376,000	May 1962	July 1962.
Marianna: Post office and courthouse (engineering and construction).	582,000	November 1962	January 1963.
Tampa: Federal office building	2,457,000	April 1962	June 1962.
Georgia, Macon: Post office and Federal office building.	3,639,000	January 1963	March 1963.
Idaho, Porthill: Border station	[1] 123,000	July 1962	September 1962.
Indiana, Seymour: Post office, etc	[1] 514,000	April 1962	June 1962.
Kentucky, Owensboro: Post office and courthouse (engineering and construction).	[1] 295,000	August 1962	October 1962.
Louisiana:			
New Orleans: Federal office building (engineering and construction).	1,290,000	do	Do.
Post office and courthouse (engineering and construction).	3,629,000	do	Do.
Maine:			
Augusta: Post office and Federal office building.	2,686,000	December 1962	February 1963.
Houlton: Border patrol station headquarters	[1] 335,000	September 1962	November 1962.
Massachusetts:			
Boston: Federal office building	28,893,000	do	Do.
Webster: Post office	[1] 429,000	May 1962	July 1962.
Michigan:			
Grand Rapids: Post office and courthouse (engineering and construction).	737,000	December 1962	February 1963.
Sault Ste. Marie: Border station	[1] 270,000	April 1962	June 1962.
Minnesota, Pigeon River: Border station	[1] 296,000	September 1962	November 1962
Mississippi, Clarksdale: Post office and courthouse.	1,285,000	March 1962	May 1962.
Missouri, Kansas City: Federal office building	31,781,000	do	Do.
Montana, Billings: Courthouse and Federal office building.	5,756,000	July 1962	September 1962.
Nebraska:			
Grand Island: Post office and courthouse (engineering and construction).	[1] 322,000	August 1962	November 1962.
North Platte: Post office and courthouse	1,588,000	May 1962	July 1962.
Nevada, Reno: Courthouse and Federal office building.	3,590,000	April 1962	June 1962.
New Hampshire, Concord: Post office and courthouse.	3,459,000	February 1963	April 1963.
New Mexico, Albuquerque: Courthouse and Federal office building.	7,450,000	May 1962	July 1962.
North Carolina, Fayetteville: Post office and courthouse.	2,209,000	January 1963	March 1963.
North Dakota, Grand Forks: Post office and courthouse (engineering and construction).	[1] 325,000	April 1962	June 1962.
Ohio, Canton: Post office and Federal office building (engineering and construction).	2,722,000	April 1963	June 1963.
Oklahoma:			
Oklahoma City: Post office and courthouse (engineering and construction).	794,000		
Tulsa: Post office and Federal office building	7,988,000	September 1962	November 1962.
Rhode Island, Westerly: Post office, etc	[1] 527,000	do	Do.
South Dakota:			
Pierre: Post office and courthouse	2,699,000	July 1962	September 1962.
Sioux Falls: Post office, etc	2,788,000	August 1962	October 1962.
Texas:			
Austin: Post office and Federal office building.	9,909,000	May 1962	July 1962.
Del Rio: Border station	[1] 300,000	September 1962	November 1962.
Del Rio: Border patrol station headquarters	[1] 460,000	do	Do.
Houston: Post office and courthouse (engineering and construction).	1,393,000	December 1962	February 1963.
Utah, Ogden: Courthouse and Federal office building.	4,853,000	do	Do.

See footnotes at end of table.

Projects in 1963 estimate—Continued

	Latest estimated improvement cost	Estimated dates for—	
		Completion of design	Construction award capability
Virginia, Charlottesville: HEW building (engineering and construction).	$2,251,000	October 1962	December 1962.
Wyoming, Cheyenne: Post office and courthouse	5,034,000	September 1962	November 1962.
Unspecified small projects	500,000	(2)	(2).
Total, 1963 estimate (45 projects plus $500,000 for small projects).	170,481,000		

[1] 13 projects susceptible to acceleration.
[2] Not selected.

Mr. BLATNIK. That was a very concise and sound statement, Mr. Boutin, on the capabilities of your organization.

Are there any questions on my right?

Are there any questions on my left?

Mr. CRAMER. May I ask a question?

Mr. BLATNIK. Mr. Cramer?

Mr. CRAMER. I want to say that I think GSA has been doing a very splendid job in carrying out the intent and purpose of the 1959 Public Buildings Act, and I enjoyed very much my work with the GSA and all of the members of the committee in attempting to work out a bill which, I think, has accomplished a lot in this field on a well-planned program, and on pretty much of a liquidating basis rather than building up big inventories.

Is it not true that everything that could be accomplished under this $600 million amendment or the $2 billion bill could be equally accomplished so far as GSA is concerned, by a request to the Appropriations Committees on the part of your agency?

Assuming the President sets the machinery in motion, such as suggesting accelerated programs, you could accomplish it by making a request for authority to make these expenditures that you mentioned before the Appropriations Committee under the present law?

Mr. BOUTIN. Precisely that is true, Mr. Cramer, but I would like to comment on it.

As you know, from being one of the coauthors of our 1959 act, we always, under the procedure that has been set up, after authorization by this committee, have a backlog of certain projects which exceeds $100,000.

Also in our program, repair and improvement of public buildings, where we forecast over a 5-year period, based on relative urgency, what we are going to do on renovation, extension, or authorization of public buildings, we always have a substantial backlog.

We try to face this to the point of being reasonable in coming before Appropriations, asking for a segment of this every year.

Mr. CRAMER. You could accelerate that if you wished, could you not?

Mr. BOUTIN. We could by asking for more money and, if it were given to us, yes.

But under the $600 million, any part of that that was turned over to GSA, we would have a ready backlog of many, many projects, as I

pointed out in my statement, that we could accomplish on an accelerated basis at any given time that this machinery was put into operation.

Mr. CRAMER. I understand that, but the same machinery could be put into operation by requesting the Appropriations Committee for such acceleration.

Now, to what extent are those projects or improvements tooled up to the point of accomplishment, from an engineering standpoint?

Mr. BOUTIN. Well, taking first the prototypes that I mentioned, that we have under study, we actually could be in construction within 120 days on a great number of these after authorization under the 1959 act and funds are available.

On our R. & I. projects, the thousand projects that I mentioned, some of these have the design already complete and the remainder have design capability, and we have it spaced over a period of years, but we could within 60 to 90 days actually get construction underway.

Mr. CRAMER. Well, then, you have an available shelf of items already. Right?

Mr. BOUTIN. Right; through what is provided by this committee.

Mr. CRAMER. Through the Appropriations Committee.

The suggested projects that could be accelerated, I notice, are largely smaller projects, obviously on the basis that you could complete them within a year, that then automatically eliminates the larger projects even though they may be in substantially depressed or unemployment areas. Is that not correct? It does not help areas where you have big projects?

Mr. BOUTIN. Well, unless the amount appropriated, that we have available to us for the construction of the big projects, was taken away from us.

Taking this list as an example, actually the acceleration of the 13 small projects would have no bearing on the remaining 32 projects.

Mr. CRAMER. And the legislation would not authorize you to request acceleration or request construction of the larger projects because they could not be completed within a 12-month period. Is that right?

Mr. BOUTIN. This is true with the only exception, Congressman, that I am presuming here that we would already have the appropriation.

It is different stages of financing, I think, that we are talking about.

Mr. CRAMER. Now, if these projects that you suggest could be implemented, how many of them are within the category of the $600 million proposal of depressed areas or area redevelopment areas?

Mr. BOUTIN. I do not know, Congressman. I did not check it on that basis.

Mr. CRAMER. Well, then, what if these projects that you submitted could not be constructed pursuant to the $600 million amendment?

Mr. BOUTIN. They may or may not be within such areas.

Well, of course, we always have, Congressman, the 1,000 that I referred to under the R. & I. program which is just a matter of odds. You are bound to have a great many of these in such areas.

Mr. CRAMER. Can you submit this list on the basis of justification for support of the legislation, and the $600 million is limited to depressed areas and area redevelopment areas? With reference to this list, which of them are within the $600 million limitation of unemployment and area redevelopment?

Mr. BOUTIN. We can supply that for the committee. Actually, however, this list was not supplied for that purpose.

It was supplied for the purpose of illustrating, on the basis of our present request, which are the projects that we do intend, providing the money is made available in fiscal 1963, which of those could be done within a 12-month period on an accelerated basis.

Mr. CRAMER. I am interested in knowing which ones would qualify under the $600 million amendment, too.

So, if you could provide that——

Mr. BOUTIN. Yes.

(The information asked for follows:)

PROJECTS IN 1963 ESTIMATE

Construction, public buildings projects

REDEVELOPMENT AREA SEC. 5(a) CATEGORY

None.

REDEVELOPMENT AREA SEC. 5(b) CATEGORY

	Latest estimate improvement cost	Estimated date for award of contract
Maine, Houlton, border patrol station headquarters	$335,000	November 1962.
Minnesota, Pigeon River, border station	296,000	Do.
Texas, Del Rio, border patrol station headquarters	460,000	Do.
Total	1,091,000	
DEPARTMENT OF LABOR, AREAS OF CONTINUOUS SUBSTANTIAL UNEMPLOYMENT		
Kentucky, Owensboro, post office and courthouse (engineering and construction).	$295,000	October 1962.

Mr. CRAMER. How much of the $600 million has been discussed with you that would be made available to your agency?

Mr. BOUTIN. There has been no discussion on that.

Mr. CRAMER. There has been no discussion on that?

Did your agency participate in the antirecession accelerated spending in 1958 under the Eisenhower administration?

Do you have information on that?

Mr. BOUTIN. I am sorry, but I do not.

Mr. Knott, do you?

Mr. KNOTT. We did not have, of course, this procedural charter in 1958.

Mr. CRAMER. I realize that. That was before the 1959 act.

Mr. KNOTT. As a matter of fact, we were in a hiatus between the Lease-Purchase Act, which expired in 1957, and later the Public Buildings Act of 1959.

Mr. CRAMER. Was there any effort to accelerate lease-purchase——

Mr. KNOTT. Actually, at that point we had only 29 projects authorized, and they were all underconstruction and, so far as I am award, this was private funds.

There was no unusual or extraordinary steps taken to accelerate that construction.

Mr. CRAMER. How many projects have been authorized but have not as yet been funded?

Mr. BOUTIN. The total amount in dollars, of $331.9 million that we have, that have been approved by the Public Works Committee for which funds have not either been asked in the current budget, the 1963 budget, or have not been funded previous to that. In number of projects, perhaps I can give that to you.

Mr. CRAMER. Well, you can provide it for the record.

Mr. BOUTIN. We have a substantial number though.

(The information asked for follows:)

GENERAL SERVICES ADMINISTRATION

Construction, public buildings projects

[Approved projects unfunded]

	Latest estimated cost			Date of construction capability
	Total	Basic improvement cost	Fallout shelter	
Delaware, Wilmington: Courthouse, Customhouse, and Federal office building.	$5,706,000	$5,575,000	$131,000	June 1963.
Florida:				
Jacksonville: Federal office building	7,598,000	7,445,000	153,000	May 1963.
St. Petersburg: Federal office building	4,522,000	4,403,000	119,000	April 1963.
Hawaii, Honolulu:				
Post office and courthouse	22,166,000	21,890,000	276,000	January 1964.
Quarantine station and clinic	1,802,000	1,730,000	72,000	June 1963.
Idaho, Boise: Courthouse and Federal office building.	7,505,000	7,356,000	149,000	May 1963.
Illinois, Chicago: Federal office building	49,496,000	48,880,000	616,000	February 1965.
Iowa, Des Moines: Federal office building	8,739,000	8,574,000	165,000	June 1963.
Kentucky, Louisville:				
Federal office building	10,846,000	10,670,000	176,000	Do.
Post office, courthouse, customhouse (engineering and construction).	1,150,000	1,095,000	55,000	June 1965.
Maryland, Baltimore: Federal office building	20,206,000	19,954,000	252,000	May 1963.
Michigan, Detroit: Post office, courthouse (engineering and construction).	4,432,000	4,315,000	117,000	Do.
Minnesota, St. Paul: Courthouse and Federal office building).	9,810,000	9,640,000	170,000	Do.
Ohio, Cleveland: Federal office building	41,223,000	40,710,000	513,000	February 1963.
Pennsylvania:				
Harrisburg: Courthouse and Federal office building.	6,821,000	6,675,000	146,000	April 1963.
Philadelphia: Courthouse and Federal office building.	38,945,000	38,460,000	485,000	February 1964
South Carolina, Charleston: Federal office building.	2,903,000	2,811,000	92,000	June 1963.
Texas:				
Dallas: Courthouse and Federal office building.	20,379,000	20,125,000	254,000	Immediate.
Fort Worth: Federal office building	15,664,000	15,443,000	221,000	May 1963.
Washington:				
Richland: Post office and Federal office building.	8,287,000	8,123,000	164,000	June 1962.
Spokane: Courthouse and Federal office building.	7,019,000	6,869,000	150,000	June 1963.
District of Columbia, Washington: Federal office building No. 5.	36,656,000	36,200,000	456,000	May 1963.
Total (22 projects)	331,875,000	326,943,000	4,932,000	

SUMMARY OF CONSTRUCTION CAPABILITY BY YEARS

1963: 18 projects	$220,118,000	$216,618,000	$3,500,000	
1964: 2 projects (Honolulu, post office, courthouse and Philadelphia).	61,111,000	60,350,000	761,000	
1965: 2 projects (Chicago, Federal office building and Louisville, post office, courthouse, and customhouse).	50,646,000	49,975,000	671,000	
Total (22 projects)	331,875,000	326,943,000	4,932,000	

Mr. CRAMER. Of course, you realize that under the provisions of this bill if the President saw fit to do so he could take funds from your unobligated appropriation——

Mr. BOUTIN. Yes, he could.

Mr. CRAMER (continuing). And make it available to other agencies? Now, what do you think about that?

Mr. BOUTIN. Well, in the discretion of the President, if this was deemed necessary we certainly would not object to it.

Of course, in saying that, it must be realized that General Services is different than any other agency. Our funds are earmarked project by project.

Mr. BLATNIK. For specific purposes.

Mr. BOUTIN. Specifically prior to any approval of appropriations.

Mr. CRAMER. But they are still——

Mr. BOUTIN. We are in a different situation altogether.

Mr. CRAMER. There are still unobligated balances?

Mr. BOUTIN. That is correct.

Mr. CRAMER. And if the President should decide that those moneys should be used in other areas of public works that could be completed within a year, rather than these large projects that could not or could not be initiated in time enough, the President under the bill would have authority to allocate those funds to other areas or to this area of expenditures——

Mr. BOUTIN. That is correct.

Mr. BLATNIK. Or he could do also this. This does not mean necessarily taking money away from their agency.

He could merely give a priority to, say, a small public building where there is need for it.

This also contemplates a preliminary time stage, and the decision or determination has been made.

Mr. BOUTIN. I was going to say that, Mr. Chairman. I think, perhaps, very likely this would become law and exercised that the "shoe would be on the other foot."

The chances are that GSA would be the recipient of funds, because we do have the capability of immediately going to work and providing jobs in many areas in the country.

Mr. CRAMER. Will the chairman yield?

Mr. BLATNIK. Mr. Cramer.

Mr. CRAMER. As to the money that you have available now, is there any reason why, in determining where projects should go, one of the elements should not be unemployment? Could you not channel presently off some of the projects without any authorization?

Mr. BOUTIN. Of course, this is not within our present criteria, Congressman. Right, as it is now we have to look at relative urgency only on the basis of need, and the economics involved, and we do not, in any way, look at it from the viewpoint of labor surplus areas or any other criteria. Our criteria is very clear cut.

Mr. CRAMER. Have you got any recommendations from the Area Redevelopment Administration that you go ahead with public works construction in given areas of unemployment, that they have studied and found to be unemployment areas or depressed areas?

Mr. BOUTIN. Well, we have cooperated very closely with ARA, not on this specific point of recommending or telling us where we are to put buildings——

Mr. CRAMER. I am suggesting that——

Mr. BOUTIN. We are working with ARA within the areas where they are trying to do something, particularly under the surplus property.

When we have available a manufacturing plant, they work very hard with the local community and GSA, trying to work out a method of putting that back into productive use. It also applies to surplus military bases—any property of this type. They have been very helpful to us and most cooperative.

Mr. BALDWIN. Mr. Chairman?

Mr. BLATNIK. Mr. Baldwin.

Mr. BALDWIN. Mr. Boutin, I have one question: Of the amounts appropriated last year, and other previous years for construction or alteration of buildings, what amount as of now is unobligated?

Mr. BOUTIN. As of right now, unobligated in the principal areas of our appropriation or do you want to limit it to construction?

Mr. BALDWIN. Well, the whole works, first.

Mr. BOUTIN. Well, as far as operating expenses, public building services, out of a total available of $169.9 million we have $43.9 million available for the balance of the fiscal year.

Mr. BALDWIN. Do you have a breakdown just for construction and alteration and public buildings?

Mr. BOUTIN. Yes; I can give you that.

On construction of public buildings, including what we had carried over in previous years, and with the cycle that we have, that this committee is very familiar with, we always have a certain amount of carryover, depending upon acquisition of site, and much of this is delayed because we are waiting for urban renewal areas to open up, for local civic centers and so forth, we had atotal available of $254,834,082. We have obligated through the 28th of February $20,609,552, leaving a balance unobligated, as of the 28th, of $234,224,530. We have a breakdown of exactly when we are going to obligate the balance by project.

We are going to obligate, to make it concise, between now and the 30th of June, $118,079,350. We are going to obligate after the end of this fiscal year, but from funds currently available, $101,797,400.

And then, divided between these two figures, we have a reserve for contingencies of $14,347,780. It will be just about an even division of reserve for contingencies.

Mr. BALDWIN. Now, could I ask this question?

In view of the message which we received from the President on Monday, stating that there is an urgent need for additional expenditures at this time, in order to combat unemployment, are you taking any specific action to speed up the scheduling of the obligation of these unobligated funds?

Mr. BOUTIN. Congressman, there is not a day that goes by, as my fellow employees down at GSA would tell you, that I am not urging them to get things done even before the request of the President came out.

We try to do these things as timely as we possibly can, but there are many things that enter into it.

One of the projects, just as an illustration—we have 12 projects that we are not going to fund until after the end of this fiscal year.

For example, a border station at Lubec, Maine, the reason that we are not going to obligate the construction funds this fiscal year is that there is a new highway going through there. We were waiting for the location of that highway to select a site. We have just recently worked out the arrangements with the State of Maine's Department of

Highways who have, in turn, working with our people determined an area where we can locate the facility.

So many things, like urban renewal areas, and so forth, delay our projects. We are dependent upon others before we can select a site. We have to wait upon them.

Site selection is the biggest impediment to an orderly phasing of the projects and acceleration of the date for beginning construction.

Mr. BALDWIN. Thank you.

Mr. CRAMER. Will the gentleman yield?

Mr. BALDWIN. Yes.

Mr. CRAMER. You have $234 million to be obligated in the future for construction. Right?

Mr. BOUTIN. We have $234 million which was unobligated as of February 28.

Mr. CRAMER. I think it would be of interest to the committee to know which of those projects are within depressed areas or area redevelopment areas and, thus, of course, where they would help the unemployment situation, without any further action by Congress.

Mr. BOUTIN. We can supply that for the record.

(The information follows:)

Construction, public buildings projects—Scheduled to be obligated Feb. 28–June 30, 1962

REDEVELOPMENT AREA SEC. 5(a) CATEGORY

	Latest estimated improvement cost	Estimated date for award of contract
Michigan:		
Detroit, Immigration and Naturalization Service headquarters (engineering and construction).	$874,650	May 1962.
Wyandotte, post office, etc. (engineering and construction)	402,800	June 1962.
Pennsylvania:		
Johnstown, post office, etc. (engineering and construction)	1,187,500	Do.
Pittsburgh, Federal office building	18,279,000	Mar. 2, 1962.[1]
Total	20,743,950	

REDEVELOPMENT AREA SEC. 5(b) CATEGORY

Georgia:		
Sparta, post office, etc	$210,000	April 1962.
Statesboro, post office, etc	538,650	May 1962.
Winder, post office, etc	475,000	July 1962.
New Mexico: Santa Fe, post office and Federal office building	2,289,300	Mar. 7, 1962.[1]
North Carolina: Bryson City, post office and courthouse	753,350	April 1962.
Maine:		
Lubec, border station (savings)	71,000	September 1962.
Vanceboro, border station	254,150	April 1963.
Total	4,591,450	

DEPARTMENT OF LABOR AREAS OF CONTINUOUS SUBSTANTIAL UNEMPLOYMENT

Florida: Miami, Federal office building	$5,942,250	Mar. 20, 1962.[1]
Mississippi: Tupelo, post office, etc	789,000	April 1962.
California:		
Los Angeles, customhouse and Federal office building	27,388,500	August 1962.
Los Angeles, Long Beach Harbor area, customhouse	2,000,000	April 1963.
Total	36,119,750	

[1] Contract awarded.

Mr. CRAMER. Thank you.

Mr. BLATNIK. Are there any other questions?

Mr. SCHWENGEL. Mr. Chairman, I have one I want to address to the chairman.

Is the Postmaster General to be called before this committee?

Mr. BLATNIK. No.

Mr. SCHWENGEL. It seems to me, Mr. Chairman, that he should be called, because there are many places that need post offices, and we ought to find out what his plans are and what the situation is in that area.

And I would like to suggest that he be called, because I know of some post office buildings that have been postponed. They have acquired all of the sites and are trying to get all the people in the various communities excited about getting the site question settled, and this has been settled.

And everybody has agreed to it and now they have announced that the post office building program is going to be canceled and they are postponed.

I think we ought to find out about this, as this will have an effect on this whole thing.

Mr. BLATNIK. There is no authorization for post office buildings being built by the Post Office Department.

Am I correct? Let me ask counsel for the proper legal terminology.

Those are projects that are let either by contractors——

Mr. SCHWENGEL. Yes, I believe they are.

Mr. CRAMER. There is one——

Mr. SULLIVAN. Mr. Schwengel, under the 1959 Buildings Act, I think it is section 16, the Post Office has the jurisdiction under that act.

They operate under a 20- or 30-year leasing arrangement or a modernization program. So there is no construction that fits into the framework of this legislation.

Mr. SCHWENGEL. But it can fit into the solution of the problem that we are dealing with.

Mr. CRAMER. Will the gentleman yield?

Mr. SCHWENGEL. Yes.

Mr. CRAMER. In addition to lease-purchase, however, is it not true that there is a very substantial annual Federal construction program being carried on outside of the post offices?

Mr. SULLIVAN. Within the framework of the post office itself. Otherwise, the post office is placed in a Federal building and it is in a different category.

That is under the jurisdiction of the General Services Administration, but, speaking purely of the post office itself, they operate strictly on a leasing arrangement or modernization program, as I understand it.

Mr. SCHWENGEL. I would like to find out why we are not going into that area when we are worried about unemployment.

We have some employment in our area, as in Davenport, and it is not as critical as in other areas, but the building of a million dollar post office there would help the economy all over the West, and there is no reason in the world, as far as I know, that this could not go for-

ward, and this could aid and abet the problem that we are trying to resolve here.

Mr. CRAMER. Will the gentleman yield?

Mr. SCHWENGEL. Yes.

Mr. CRAMER. You have a list of post offices there. That list originated with the Post Office Department, did it not?

Mr. KNOTT. I presume the list you have, Mr. Cramer, is the one attached to the administration's statement.

Mr. BOUTIN. These are all multitenant Federal buildings.

Mr. KNOTT. That is right.

Mr. CRAMER. Here is one in Webster, Mass., "post office"—period.

Mr. KNOTT. Right. That is a post office.

Mr. BOUTIN. With Federal offices.

Mr. KNOTT. With Federal offices in it.

Mr. BOUTIN. The principal office there is the post office.

Mr. CRAMER. Well, this is being built as a result of the post office——

Mr. BOUTIN. Not necessarily, but, actually it is a project developed with the Post Office Department.

Mr. CRAMER. There is not any question but what the Post Office Department has to approve a new post office in that area before you can build it?

Mr. BOUTIN. That is right.

Mr. CRAMER. In most instances they are one of the biggest participants. So the Post Office does have a very definite part in this program.

Mr. BOUTIN. Except that we make the determination that a new building is made or needed there, and then we go to the Post Office and gain their concurrence for a partial occupancy of the facility and, of course, a great majority of our Federal office buildings do have post office occupancy, but it is still our program.

Mr. CRAMER. I understand. Even if it is lease-purchase, Mr. Chairman, that is certainly an area spurring the economy through private enterprise that has no counterpart, and I think the Post Office Department should contribute to this program substantially.

Mr. BLATNIK. The Chairman is very much in agreement with the point raised, and we will make inquiry to see how or to what extent the construction and the operation of the Post Office Department could be utilized or come within the scope of the proposed legislation.

Mr. SCHWENGEL. Now, I would like to address the question to you, sir.

Is it possible when and if we pass these bills before us, and if they are implemented, necessity could tend to postpone the building of public buildings in other areas where they might be more economically justified?

In other words, concentration in the areas that may not be as important so far as development of the community, where the Department is concerned, might actually interfere with the orderly development of the building, of a public building?

I am thinking specifically about our area, that is not as bad as some other areas, but because it is a growing community the needs are very great for a post office, and yet that post office has been postponed, and

it seems to me that this kind of legislation, unless we have it properly administered and properly written, might tend to discourage building public buildings in other areas.

Mr. BOUTIN. Well, I think you have touched the key to the thing, Congressman, that it must be properly administered, the same way that we try to properly administer the Public Buildings Act, as I am sure Congressman Baldwin knows.

We could actually spend legitimately, with every justification, our entire budget available in 1962, in the State of California to meet their public building needs and still have some need left over.

We try to get equitable distribution. I presume the same thinking would have to go in on these determinations, the relative need, the relative urgency, before such a determination could be made.

If I may, Mr. Chairman, in further answer to Congressman Cramer's question, we are going to actually obligate by beginning construction, and awarding a contract before the 30th of June, 27 of the 39 projects that we have authorized and funded, leaving only 12 that will be carried over.

Also on our renovation and improvement funds that we expect to obligate every dime of it by the end of the fiscal year; every penny that was appropriated will be obligated.

So that is how tight we are running continually.

Mr. CRAMER. But your engineering is going ahead sufficiently in advance that you can immediately implement this substantial additional program that you mentioned?

Mr. BOUTIN. By the action of this committee here, because you folks always give us a backlog ahead of new authorized projects through appropriations, and we get sites and expense money so that we always have a good supply of projects on the shelf.

Mr. BLATNIK. Thank you very much, Mr. Boutin, and thank you, Mr. Knott, Mr. Schmidt, and Mr. Davis.

Your testimony has been most helpful.

Off the record for a moment.

(Discussion off the record.)

Mr. BLATNIK. The hearings are adjourned for today until 9:45 tomorrow morning.

(Whereupon, at 4:07 p.m., the hearing was adjourned until 9:45 a.m., Thursday, March 29, 1962.)

STANDBY CAPITAL IMPROVEMENTS ACT OF 1962

THURSDAY, MARCH 29, 1962

House of Representatives,
Committee on Public Works,
Washington, D.C.

The committee met, pursuant to recess, in room 1302, New House Office Building, at 9:45 a.m., Hon. Charles A. Buckley (chairman of the committee) presiding.

Mr. Blatnik. The House Public Works Committee will please come to order, resuming public hearings on the standby capital improvements legislation proposals before this committee.

We are very privileged to have a very outstanding mayor of the United States, from one of the finest cities of the United States. At this time we would like to ask our very close friend, and able and distinguished colleague, Congressman William Green, of Philadelphia, to present his mayor and his friend.

STATEMENT OF HON. WILLIAM J. GREEN, JR., MEMBER OF CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. Green. Mr. Chairman and members of the committee, first I would like to express my appreciation to the chairman for the courtesies extended us today in putting the mayor on first. It is a distinct privilege for me to have the opportunity to present the mayor of Philadelphia on his first visit to Washington, and the first committee hearing he has had. With a great deal of pleasure, Mr. Chairman and members of the committee, I present the Honorable James J. Tate, mayor of Philadelphia.

Mr. Blatnik. Thank you, Congressman Green.

Mayor Tate, at the outset may I say that the Chair expresses his appreciation on behalf of the committee, knowing of the very busy schedule which you have already been committed to in advance. You went out of your way for the convenience of the committee to present your testimony here, not only on behalf of your own city, but on behalf of the American Municipal Association. The American Municipal Association is well known to this committee. It has had representatives appear before us over the years on several aspects of public works, particularly in the field of the water pollution program. They have been most helpful in giving us the specifics of the needs and the experiences of municipalities, small, intermediate, and large, across the country.

So, Mayor Tate, if you will proceed with your statement, we will be very pleased to hear from you at this time.

83015—62——18

STATEMENT OF HON. JAMES H. J. TATE, MAYOR OF PHILADELPHIA

Mayor TATE. Thank you, Mr. Chairman.

First I want to express my own appreciation to you and the members of this able committee for your consideration in permitting me to go on first this morning, and in permitting me to return to my own jurisdiction, where I have a busy schedule after only 6 weeks of public office, succeeding former Mayor Dilworth. I want to extend my appreciation and gratitude also to my very close friend, Congressman William J. Green, who has made such a distinguished record in this great city of Washington. I am indeed delighted to have had the privilege of his introducing me to your committee.

And so, on to the business of why I am appearing before you.

For the record, I am James H. J. Tate, mayor of the city of Philadelphia. I appear, however, not only as mayor of our great city, but as an official representative of the American Municipal Association, which now represents more than 13,500 diversified municipalities throughout the Nation, and principally the big cities of this great country.

This is a time of relative prosperity. Although there is a high level of business activity, there are still persistent and disturbing pockets of unemployment in Philadelphia, in Pennsylvania, and throughout the Nation. The fact that these are only pockets does not minimize their importance—especially for those persons living in such areas. They are also important because they should be regarded as immediate warnings. We all know the fable about locking the barn after the horse is stolen, and we must not let our relative general prosperity cloud any sense of urgency about measures required to alleviate the effects of a recession.

I think, in considering this legislation at this time, you gentlemen are following a very sound policy which should guide all of us in both our public and private lives—that itis wiser and less costly to avert disaster than to try to survive it.

Since World War II our Nation has gone through a series of recessions—in 1948–49, 1954, 1958, and 1961. In each of these recessions, public officials—we at the local level and you gentlemen of the Congress at the Federal level—were subject to great pressures to get public works projects started immediately that would put idle men—the unemployed—to work immediately.

We have learned from those four recessions, or we should have, that turning on a flow of public works which would not be wasteful of public funds yet rapid enough to retard the deepening effects of a recession, is not an easy thing to accomplish.

In fact, both President Eisenhower in 1958 and again President Kennedy in 1961 issued orders to prepare, on a crash basis, lists of projects which might be gotten underway to give a forward impetus to the economy. In neither instance was it possible to initiate very many projects which had a significant effect on the economy.

Similarly, we at the local and State level sought to step up our projects to arrive at similar results.

The failure, I believe, can be summed up in terms of a time lag, a planning lag, and a financial lag.

As to the time lag. Federal spending programs are presently, and quite properly, allocated on a functional basis—that is, balancing needs against resources. However, it seems to me that if Government spending programs are also to be used to combat the destructive effects of recession, as the Employment Act of 1946 apparently intended them to, then we must set up a triggering mechanism in advance to accelerate Government spending at the time when it will do the most good. I believe that this bill which you have before you now would accomplish that aim.

By the time we exhaust our present procedures of introducing new legislation, holding hearings and gaining congressional approval, and then go through the equally long process of setting the administrative machinery in motion, the period where stepped-up public works can be effective in arresting a recession will long have passed.

Equally important too is the planning lag. To be truly effective, a public works program must be geared to get work started quickly on projects which can be completed within a reasonably short period of time. The most ready source of such public works is the great backlog of needed capital improvement projects which exist in every municipality of the Nation. State and local governments have presently programed a huge backlog of $25 billion vitally nedeed public improvements; about $10 billion of this amount are State projects and $15 billion are local projects. These are exactly the type of projects which can most readily be accelerated, but only if the proper advance planning takes place.

For this reason I prefer the provision in Congressman Blatnik's H.R. 10113, calling for the establishment of an Office of Public Works Coordination and Acceleration. This does not appear in H.R. 10318. It seems to me that if you don't centralize this type of coordination and planning in one place, but merely leave it up to each of the various Departments and agencies of the Federal Government to do it on their own as far as their own programs are concerned, you don't get the kind of advanced analysis and planning that is necessary. There would be no way of knowing how the various Federal programs relate to each other, how they individually and totally relate to State and municipal programs, and what legal, financial and statutory conflicts on the Federal, State, and local levels would thwart your efforts to get these program into effect quickly.

It seems to me further that a very important part of the job of such an office would be to keep up-to-date records on State and local projects which might be accelerated, and to work with the States and local governments to have State and local laws changed, where necessary, to make it possible to fit into a Federal program.

Finally, and perhaps most importantly, there is the financial gap.

The legislation you are considering very wisely contains three principal elements: First, it provides for the accelerating of existing Federal programs; second, it provides for Federal loans to municipaliites and other local public bodies which otherwise would be unable to finance their required share of the cost of projects; and, third, it provides grants to localities to finance capital improvement projects which are not presently eligible for grants. All of these elements relate to each other, and all are required to make the program effective.

Let me cite Philadelphia as a typical example of the situation which exists in many communities. Employment in Philadelphia would not be helped very much if the Federal Government were merely to accelerate the rate of expenditure of existing programs such as highways, airports, water pollution, urban renewal, and so forth. The reason is that we at the local level have no way of raising the required increase in local matching funds in such a short period of time. Then, again, it would vitally affect our tax structure, to which we are already committed.

Like most cities, we operate on a fixed capital budget which must be geared exactly to our tax structure, and this in turn is limited by State-imposed debt limitations.

It does no good to merely increase the rate of expenditure of the Federal highway, airport, or urban renewal programs which appear in our capital budget, unless some way is provided for us to acquire the local matching funds required.

The present legislation comes to grips with this problem in two ways. One is to permit the Federal Government to lend us the money to meet our local share. This would enable us to undertake sooner the capital works programs planned for later years and accomplish them at a time when they will have the greatest impact on unemployment and our economy.

Most important, however, is the provision which permits grants of 50 percent for projects not otherwise entitled to Federal grants. As you undoubtedly know, the capital projects of a city include many locally financed necessities in addition to highways, airports, and urban renewal projects which are entitled to Federal grants. These locally supported facilities include recreation centers, police and fire buildings, libraries, health centers, local street improvements, sewage plants and sewage lines, waterlines, and similar facilities.

If we can receive Federal grants for such local projects it will enable us to increase employment rapidly, either by doubling in 1 year the amount we spend for them or else by reallocating funds we had earmarked for such purposes so as to increase our local share of Federal matching funds.

In order to determine exactly how this program might operate insofar as the city of Philadelphia is concerned, I asked my various operating departments to submit to me a list of major capital projects over and above those scheduled for the 1962 capital budget which could be initiated and completed within 1 or 2 years. I have listed them at the end of my statement.

I have submitted a breakdown of some $42 to $45 million to this committee, all of which is set forth, and it is not necessary for me to go into it specifically at this time. All of the arguments I have already submitted apply with equal force to the administration amendment offered by Congressman Blatnik, and by our own Senator Clark, in the Senate, to authorize the immediate expenditure over the next 2 years of $600 million for public works.

The city of Philadelphia, for instance, is a class D surplus labor market, and would, therefore, be eligible to participate in the program, I assume. However, I should like to call attention to what I believe to be an inequity in these programs which are tied to labor market categories, insofar as our larger cities are concerned. Let me cite Philadelphia as an example.

Philadelphia has a current rate of unemployment of 10.4 percent. However, Philadelphia, like most core cities of large metropolitan areas, is ringed with rich suburban areas largely populated by skilled white-collar workers and managerial personnel. These suburbs are included in the same labor market with us with the result that our percentage of unemployment for the whole labor market is 7.1 percent. The same thing applies to many cities of the Nation.

Let me more specific. In Philadelphia, we have $42.7 million worth of major capital projects which could be initiated and completed in 1 year. If stretched out to 2 years, the cost would be an additional $300 million annually, because of the spiraling increase in supplies and labor.

None of these items are presently scheduled in our 1962 capital budget, for the simple reason that we do not have the required funds. We are presently spending just under $25 million alone of the tax-supported ceiling in our local economy. Nevertheless, they are all necessary to the health and welfare of our citizens. They include a new incinerator, a new health center and laboratory, a new rapid transit line to serve a community of 10,000 homes, sanitary and storm and flood relief sewers, parks and playground facilities, traffic signals, and street lighting.

It seems to me that the standby public works authority which this legislation would authorize in conjunction with the manpower retraining legislation you have already approved, would go a long way toward alleviating the longstanding unemployment problem which has plagued Philadelphia and many other local governments.

There has been some discussion whether tax cuts or public works would be more effective in achieving this goal. Tax cuts may increase the demand for consumer goods, and thus may ultimately increase employment, but they offer no immediate help to the unemployed, who do not have any taxable income anyhow.

Public works, on the other hand, can put meat and milk on the tables of the unemployed now.

The greatest argument against public works has been that they can't be started quickly enough to be effective. If this legislation is enacted, that argument will no longer apply.

Gentlemen, I appreciate the courtesy extended to myself, to the American Municipal Association, and to the great city of Philadelphia, and, of course, to the great State of Pennsylvania. It has been a pleasure to be with you.

Are there any questions?

Mr. BLATNIK. Mr. Mayor, again I want to express our appreciation for your appearance and for the very sound, factual statement based on practical experience. The Chair is particularly encouraged by your emphasis on the need for advanced planning, and having projects on the shelf, particularly smaller ones that can be gotten underway quickly. We are all familiar with the spectacle of the homeowner who has a leak in the roof in a thunderstorm. They vow every time to fix that leak as soon as the storm is over, but when good weather arrives we have a tendency to forget about it. We can have good, sound, justified, and badly needed projects that would contribute to the upgrading of the cities and civic communities, and provide service for years to come, and at the same time be paying men and women

to work just as we now pay many men and women who do not work through our unemployment compensation and through the relief rolls of towns and municipalities.

Are there any questions on my right? Any questions on my left?

Mr. SCHWENGEL. Mr. Chairman.

Mr. BLATNIK. Mr. Schwengel.

Mr. SCHWENGEL. Mayor, I commend you for your statement. I followed it with interest. It is a very fine statement, I think, representing the American Municipal Association.

I want to say to you, before I make another observation, that I have a great interest in American history, and I have been in your town many, many times. Last year I spent 2 full days there touring the city, and, with the help of a very efficient and genial guide furnished by the chamber of commerce, whose name I am sure you would know, I saw some of the plans that the chamber of commerce had for the future development of your city.

It envisions, for the most part, leadership at the local level. You have evolved some tremendous plans for downtown commercial development in your city. I was thrilled beyond description to note the redevelopment of the Independence Hall.

Mayor TATE. Yes.

Mr. SCHWENGEL. And I was amazed that you didn't even refer to it in your talk. It is one of the most important developments, so far as the Nation is concerned, and it must be one of the most important developments so far as the local community is concerned. It is a project of which you ought to be justly proud. I was so thrilled with it when I came home loaded with facts and experiences that it inspired me to make a speech on the House floor, and I think you know about it.

Mayor TATE. Which we appreciated.

Mr. SCHWENGEL. And I spoke of the ambition I have for that development.

It occurred to me some of the programs you have testified for here may put that program in jeopardy. I think this would be a great shame. You need to acquire property down there to develop an information center comparable to the one they have at Williamsburg, which is a tremendous development and a very worthwhile project. I stand ready and willing to help you all I can to do that job, and to bring that to fruition.

The recent plans revealed by Mr. Anderson, whom I am sure you know, who works for the Interior Department, and who is a fine, able and devoted public servant, to restore the Franklin Home, which was covered up in the middle of a street, as you know, was a great idea. I introduced a bill to acquire the property where Jefferson lived when he wrote the Declaration of Independence, which I think is one of the greatest political documents and one of the most liberal papers ever written, and something we should never lose track of. This was born in your city

Also, near your city you have Valley Forge. It seems to me that this redevelopment program would help business tremendously in your community, and, more importantly, would make America and especially the youth of America acquainted with some of our glorious history, without which we cannot have the kind of patriotism and citizen-

ship that we need, not only as we contend with the problems of today, but as we make plans for the future of this great country.

I hope you people there are not losing sight of that project and that you will never be identified with anything that will hamper that in any way, and that you will redouble your efforts to bring that to fruition, and thereby increase the traffic into your community, which would increase the traffic into this community and all the areas where the great history of our country was made. It is so important for us to think about it today.

Mr. DOOLEY. Mr. Chairman.

Mr. BLATNIK. Mr. Dooley.

Mr. DOOLEY. Mr. Tate, as a former mayor I sympathize with your problems. I want to commend you on a very fine and forthright statement and ask you this question: Has there been any estimate made of the number of people who would be restored to employment if you were to have the optimum grants and loans of $42 million if this legislation were passed?

Mayor TATE. I don't know. I do not have those figures there. But I am sure it would help us substantially at our public works level, for the people who are employed in construction of buildings of this type.

Mr. DOOLEY. Thank you.

Mr. BLATNIK. Thank you very much, Mr. Tate. Again we wish to express our appreciation that you appeared before us on behalf of the American Municipal Association.

Mayor TATE. Thank you, Mr. Chairman.

I would simply like to reply to Congressman Schwengel's remark to the effect that in the city of Philadelphia we are very much aware of the historical background of our city, and I would be imposing my time on this committee if I were to speak at length of it. I am sure he is aware of the fact that I could do so, but I want him to know the thing we are trying to do is to do it quickly. It has taken us more than 17 years just to get underway in that great project of which you speak. With help of this kind, I am sure that we can do it more quickly. Thank you.

Mr. SCHWENGEL. I might say, I found here a marvelous example of community cooperation between the State and Federal Government in developing a project with a great idea. This kind of balance is something we ought to seek to emulate, but I am fearful that your testimony here in behalf of some of this legislation that I think is poorly thought out, may throw it out of balance.

Mayor TATE. We have no concern about that and we have real responsibility.

Mr. SCHWENGEL. And it would postpone the development of this project. We feel there are many other projects across this land which would serve the public interest and enhance our opportunities for growth and expansion if we can follow a procedure in a normal and sensible way, and in a fiscal sense strengthen our economy more than some of these measures.

Mayor TATE. Thank you, sir.

Mr. HARVEY. Mr. Chairman.

Mr. BLATNIK. Mr. Harvey.

Mr. HARVEY. First of all, let me apologize for being late, but may

I ask you one question? Has Philadelphia had any recent bond issue in the last year for a public works project?

Mayor TATE. We have one underway right now for about $25 million. We are advertising now.

Mr. HARVEY. What experience have you had with respect to this bond issue insofar as interest rates are concerned?

Mayor TATE. The last one was quite interesting. We got a low rate of, I think, about 3.45 percent.

Mr. HARVEY. So you have had no trouble in that connection at all?

Mayor TATE. We have had no trouble financing, no.

Mr. HARVEY. Thank you.

Mr. BLATNIK. Thank you, Mayor Tate.

The appendix attached to the mayor's statement, without objection, will be made a part of the record at this point.

(The document referred to is as follows:)

Major capital projects over and above those scheduled for Philadelphia's 1962 capital budget which could be initiated and completed within 1–2 years[1]

[Millions of dollars—not cumulative]

Project	Work to be done	Completion period	
		12 months	18–24 months
Airport	20 items of work including such things as fire station, employee parking lot, visitor auto garage, maintenance building expansion, access roads and taxiways, lighting, ramp lighting, expansion of terminal facility, etc.	$1.5	$6.5
Transit	Build Eastwick high-speed line, double-deck existing parking lot at Bridge Street Terminal, modernize and increase capacity of Broad St. power facility, etc., South Broad St. subway extension; and Broad Street Station modernization.	5.0	20.0
Health	Environmental health lab; health center; laundry	1.1	1.0
Streets	Traffic signals and street lighting; grading and paving city-wide; Fairmount Ave. incinerator and adjacent garages.	6.3	8.5
Water	Storm flood relief sewers; waterworks improvements; reconstruction of old sewers.	22.4	----------
Recreation	Parks and playgrounds; Fairmount Park Zoo; art museum	5.8	7.8
Library	Rehabilitation, new branch libraries	----------	1.2
City hall	Rehabilitation and courtyard improvement	.6	.7
Grand total		42.7	45.7

[1] No item scheduled in the 1962 capital budget is included in this list.

Mr. BLATNIK. I would like to make an announcement. The bright young students we have in the room now come from Washington Irving Junior High School of Springfield, Va., accompanied by their teachers, Mr. Omato and Mr. White. We welcome you here this morning at this public works hearing, where we are having important testimony on the proposed public works program to relieve unemployment in many areas of our country.

Our next and, in fact, our key witness, is the distinguished, eminent American leader, and a leader of the great organization of labor, the American Federation of Labor and the Congress of Industrial Organizations. He is not only the leader of this labor organization, but a labor statesman interested in broad national and international issues of great concern and important to our national welfare, as well as dealing with those programs and legislation that affect the interests of labor.

Mr. Meany, we welcome you this morning and, if you will take the witness chair, it will be our privilege to hear your testimony on this public works legislation.

The record will show that the president, Mr. Meany, is accompanied by our good friend of many years and former colleague, Mr. Andrew J. Biemiller, the legislative liaison director of the AFL–CIO, and may we have the name of the other gentleman to your left?

STATEMENT OF GEORGE MEANY, PRESIDENT; ACCOMPANIED BY ANDREW J. BIEMILLER, DIRECTOR, DEPARTMENT OF LEGISLATION; AND STANLEY RUTTENBURG, DIRECTOR, DEPARTMENT OF RESEARCH, AFL–CIO

Mr. MEANY. Mr. Ruttenburg, our research director.

Mr. BLATNIK. Mr. Stanley Ruttenburg, who is well known to us.

Mr. MEANY. Mr. Chairman, I am very happy to appear here today, on behalf of the AFL–CIO, to support a public works program that will in some measure help to relieve the recession that is still with us, as well as those recessions that may lie ahead.

We were greatly heartened by the letter submitted to you on Monday by the President, expressing his conviction that short-term public-works projects—ready to go on short notice—are needed immediately.

We heartily support the President's position. We are just as sincerely in favor of the concepts contained in the two standby bills pending before this committee—H.R. 10318 and H.R. 10113. Both short-term and long-term action is needed, and I want to deal with both aspects in this testimony this morning.

We in the AFL–CIO have said repeatedly that unemployment is the Nation's No. 1 domestic problem. We said it before the 1960 election, and we have said it since. We are aware that in many respects there has been a substantial economic recovery in the last year. But we have also said that no one can say this recession is over while, as now, some 4½ million Americans are out of work.

I use the figure of four and a half million because it is the official one for those who are entirely unemployed. There are also, by official count, more than 2 million others who are forced to work part time because full-time work is not available.

And these figures would be worse except for an unprecedented development—the failure of the labor force to grow in proportion to the population.

Back in 1960, I pointed out to the platform committees of both political parties the challenge that faced our country in terms of employment. In particular, I cited the expected increase in new workers from an annual average of less than a million in the fifties to an average of a million and a third in the sixties. I was not engaging in crystal ball gazing. These figures are the vital statistics of the war-baby boom.

For more than a year, that increase in the work force has not shown up in Government reports. There are many learned explanations but no real answer. We can only guess; and the best guess is that a great many people who want to work have been scared off by the lack of jobs. They have just stopped hunting for jobs because they are convinced the jobs just do not exist.

I think it is important to consider this question in other terms than mere statistics. The basic issue must be weighed in terms of human lives—million of American lives.

There is no need to elaborate upon the light of the four and a half million jobless workers and their families—affected spiritually as well as economically by unemployment. I know the members of the committee have a deep concern for them, and for the 2 million others who can find only part-time work.

To these we must now add perhaps a million more in all age groups, so discouraged that they do not even try. What a way for a youngster to start his life after he leaves school. What a fate to impose on a middle-aged man or woman too young to retire, but overcome by hopelessness because so few employers will hire new workers who are as old as 40.

The salvation of these millions of lives is the high purpose of the proposals before you; and that purpose makes any reasonable expenditure worthwhile.

Yet, and this is extremely important, appropriations under this program should not be looked upon as expenditures at all. You are not considering a huge relief operation. You are not weighing the advisability of a vast boondoggle, what used to be called "leaf raking." No, Mr. Chairman, under the terms of both bills, every project helped by this program would add to the Nation's wealth.

You have the opportunity to build a greater America by providing jobs for Americans who desperately need them. These public works are, in the classic sense, "good works" as well; and unlike the good works performed in the name of charity, they carry with them a sure reward.

At this point, Mr. Chairman, I want to draw the attention of the committee to an ominous change in the pattern of our economic recovery from this recession as compared to the various recessions that have afflicted us in recent years.

I have a table here, which I would like to be inserted in the record at this point. It is a part of my prepared testimony, and you, and all the members of the committee, have it before you.

Mr. BLATNIK. Without objection, it is so ordered.

(The table referred to is as follows:)

Changes in employment and unemployment 1 year after postwar recession low points

Recession	Gross national product	Total employment	Nonfarm wage and salary jobs	Percent unemployment	Percent unemployment rate [1]
1961	+8.4	+1.8%	+2.3%	−20.4	5.6
1958	+9.9	+3.3%	+4.6%	−29.2	5.2
1954	+9.8	+5.1%	+4.7%	−26.3	4.3
1949	+13.2	+4.9%	+8.7%	−45.7	4.1

[1] Unemployment rates 12 months after recession low point.

Mr. MEANY. This chart here shows the changes in production that have taken place 12 months after the low point of each of the four recessions we have had since 1948. Twelve months after the low point in the 1948–49 recession, production had come up in terms of the

gross national product 13.2 percent. This is the low point of the 1949 recession.

The low point of the 1953–54 recession, twelve months after that, the gross national product, or changes in production show that production came up 9.8 percent, or almost 10 percent.

In 1958, 1 year after the 1958 recession, the gross national product showed an increase of 9.9 percent.

In 1961, the gross national product, 12 months after the low point of the recession, has gone up 8.4 percent.

This shows that there is a natural swing back from the low point in the recession which reflects itself in the gross national product. In other words, these are the figures which show roughly that there has been a constant growth 1 year after each recession, or the low point of each recession, of approximately 10 percent.

Now, what has happened to employment after each of these recessions?

In the 12-month so-called low-point period—12 months after the low point, 1 year after the 1949 low point, the total employment came back 4.9 percent, almost 5 percent. One year after the low point of the 1954 depression total employment came back 5.1 percent.

One year after the low point of the 1958 recession, total employment came back much less, 3.3 percent.

One year after the low point of the 1961 recession, total employment has come back 1.8 percent, or less than 2 percent.

So here we have reflected the picture of more and more being produced with less and less people actually employed. Here is the other side of the picture. Changes in unemployment.

Twelve months after the low point of the 1949 recession, unemployment dropped 45 percent.

After the 1954 recession, it dropped 26 percent.

After the 1958 recession, 1 year after, it had dropped 29 percent.

But one year after the 1961 low point of the recession, unemployment has only dropped 20 percent.

So this again shows the unfavorable picture in terms of jobs and work for the American worker.

The pattern shown by these charts, Mr. Chairman and members of the committee, is very clear. Each recent recession has left a larger number of workers stranded, and this one is the worst of all.

This present recession is the worst of all because we have failed by the greatest margin to come back from this recession than in the previous ones.

Now, of course, we are aware that the present administration inherited this problem. We were aware of that last May, when we warned that through the application of the programs then in prospect, "by runnnig very hard, we may be able to stand still" in terms of unemployment. Our purpose is not to levy blame, but rather to emphasize the importance of action now, at this session of Congress.

If the present upturn is left on its own to run its course, the increase in sales and production will probably slow down in the spring or summer when the building of business inventories slackens and the rise in Government expenditures eases. Various reports over recent weeks indicate that neither consumer spending nor business invest-

ment will rise fast enough on the basis of present plans, to carry the economic advance forward at a rapid pace.

This kind of slowdown will inevitably cause unemployment to level off. Much of the steam will go out of the upturn, while millions of workers remain jobless and many plants and machines remain idle.

We believe the present circumstances and the outlook for the rest of the year, require immediate Government action to create jobs, to reduce unemployment, and to stimulate economic activity. Should the Federal Government fail to respond to this urgent need, there is a danger that the pickup from the recession of 1960–61 will be cut short and full recovery will not be achieved. We cannot afford another partial recovery like that which followed the 1958 recession.

The time for Government action is now before the present pickup sputters to a halt. Idle men and idle machines should be put to useful work, adding to the public investment of Federal, State and local governments in facilities and services that are needed by a rapidly growing population.

Let me briefly outline what we think should be in an immediate program:

1. A $600 million program to accelerate public works, as follows:
   (*a*) $200 million to accelerate or initiate Federal programs.
   (*b*) $300 million for matching grants-in-aid for State and local governments.
   (*c*) $100 million for loans to State and local governments to help them in matching their grants, or as supplements to the above undertakings.
2. Priority in such a program for areas in which unemployment is greater than the national average.
3. Only those public works programs which can be started in 60 days and completed within 12 months should be eligible.

With over 4 million unemployed and the danger that high unemployment will persist and even increase, this is a modest program. I do not suggest it is a cure-all for all our troubles. But I urge you to give it your most careful consideration and to make it part of your final bill, as a constructive measure designed to create jobs for the unemployed and to increase economic activity in general.

You will note that there is no trigger mechanism for action sometime in the future. This is a proposal for the present.

Unemployment is high. It has been over 5 percent in all but 1 month since November 1957—a period of almost 4½ years. We cannot afford to wait. A step-up of job-creating public works programs is needed now. As you have seen, we are generally in accord with the administration's proposals, with this exception—we believe the $600 million should be allocated as quickly as possible, in all areas where unemployment exceeds the national average.

The creation of more jobs and the reduction of unemployment through a modest step-up of public works, will also make it easier for the manpower retraining program to operate. Retraining can be successful only when there are jobs for the trainees.

The immediate public works program I have outlined is a supplement to the area redevelopment program as well. The long-range redevelopment of chronically distressed areas is in progress. In the meantime, however, large numbers of their working population are

jobless. Short-run public works can create jobs immediately, before the area redevelopment program has had time to take hold effectively.

There will be no difficulty in finding worthy programs. Scores of Federal projects, such as the construction and repair of Federal buildings and facilities can be started. More important, a Census Bureau report of December 1960 found that State and local governments have thousands of projects for which all planning work has been completed. An immediate program of Federal matching grants-in-aid can undoubtedly bring many of these plans off the shelves, into the reality of orders for goods and the hiring of workers, within a short period of time. I have summarized these in appendix A to this statement, which I would like to submit with your permission, Mr. Chairman.

An immediate public works program can generate new jobs in many parts of the economy. The job-creating effect of public works construction is about 100 onsite and offsite man-years of work per $1 million of construction expenditure.

Here again, I ask leave to submit supplemental material as appendix B.

It should be noted that the creation of onsite construction jobs would help a group of workers who have been hit particularly hard by unemployment. In 1961, for example, when the unemployment rate for the Nation as a whole was 6.7 percent, over 14 percent of construction workers were unemployed. In addition, during the pickup last year, employment in contract construction has actually edged downward. The details are set forth in appendix C, which I ask to be included in the record.

This $600 million public works program could result in a total increase in public works expenditures of $900 million, including the $300 million in matching funds from the State and local governments. It could result in the creation of about 90,000 onsite and offsite jobs within the coming year—jobs for unskilled construction workers, as well as skilled craftsmen, and jobs that are connected with the production and distribution of construction materials.

The workers who would be hired would inevitably spend their earnings on a wide variety of consumer goods, resulting in additional jobs in consumer industries and in wholesale and retail trade. This multiplier effect is about one and a half times the increase in employment—or about 135,000 additional jobs.

The overall impact of the immediate program then would be to increase employment by approximately 225,000 jobs in the next 12 months. It would represent a modest but constructive step in the creation of jobs for the unemployed. In our view it is essential if recovery is to mean jobs as well as profits in the months ahead.

Now we come to the concept of standby public works, so often praised but never implemented.

One recession has followed another since 1953. The recession of 1960–61 was the third in 7 years.

No one wanted these recessions. But there have been no planned efforts to nip them in the bud, before they did their considerable damage to the national economy. Neither have there been planned efforts to reach full recovery in the upturns from these recessions. So unemployment has stepped up from one recession to another, spreading

insecurity and family difficulties among millions of American working people, and slowing down the national economy's rate of growth.

What we need to reduce unemployment and increase the economy's rate of economic growth are, first, fast and full recovery from the recession of 1960–61, and, second, adequate Government weapons to attack economic stagnation as well as any future recession.

Public works can serve the second objective as effectively as the first. The figures I have cited, and the material in the tables I have already submitted, apply in both instances.

Let me point out that the principle of standby public works for use as a countercyclical force against recessions was first advanced some 30 years ago. It has never been tried; yet, we, and many economists—including many who served the previous administration—are convinced it would succeed.

Obviously the time to start public works, to get the plans down from the shelf, is not after a recession is in full swing. The time to start is when the clouds are gathering, before the storm has actually struck. Promptness is vital; the longer the delay, the greater the damage.

The kind of standby program we suggest, as you will observe, contains elements of both the standby bills now before this committee.

It is our view that the program should establish an Office of Public Works Coordination, as contained in Congressman Blatnik's bill, H.R. 10113. This agency is needed to encourage and coordinate public works planning by Federal agencies and the State and local governments.

We believe the $58 million ceiling on Federal advances for public works planning should be removed, and additional funds authorized whenever necessary.

The President should be authorized to put the standby program into operation under the following conditions:

(1) When the national unemployment rate, adjusted for seasonal changes, has increased in 3 of the 4 most recent months, and has gone up a total of at least one-half a percentage point.

(2) When the unemployment rate, adjusted for seasonal changes, has been above 5 percent for 4 of the 6 previous months.

Both of these terms are from Congressman Blatnik's bill.

(3) When the President has determined on the basis of employment and unemployment statistics and other economic data, that invoking this program is necessary to achieve the purposes of the Employment Act of 1946—"maximum production, employment, and purchasing power." This provision, contained in the administration bill (H.R. 10318), is very important in our view.

Once the standby program has been started, the President should be empowered to terminate it at any time—for example, when there is a rapid improvement in economic conditions and a sharp drop in unemployment. However, we disagree with the provision of the administration bill that would require a lapse of 6 months before the program could be started again, except by joint resolution of Congress. We believe this is an unnecessary restraint on the flexibility of the plan.

In our view the program should operate for 12 months, unless terminated earlier by the President; and that it could be extended for

another 12 months by the President or by a joint resolution of Congress.

The eligibility requirements should be similar to those in the companion program—projects that can be started quickly, say in 60 days, and completed in 12 months. They should also be projects that meet an essential public need and contribute to reducing unemployment.

In that connection I think it is worth emphasizing again that from 25 to 30 percent of the on-site jobs in public works construction are for laborers, and that the off-site jobs include a considerable proportion of unskilled and semiskilled workers as well. I am sure the committee is aware that the greatest employment problem, in terms of placement, involves the unskilled and semiskilled workers whose jobs have been taken over by automated machinery.

Turning to finances, we find that both bills before you would authorize an outlay of $2 billion. We believe that is a sound figure. We prefer the allocation of this sum in the administration bill, as follows:

1. The sum of $750 million to step up or initiate Federal projects.
2. The amount of $750 million for matching grants-in-aid to State and local governments to step up or initiate public works projects that are not eligible for Federal grants under existing programs, as well as for projects that are eligible at present. Federal grants should be up to 50 percent of the cost of undertaking and completing a project.
3. $250 million for loans to State and local governments which would not otherwise be able to pay their share of the cost of projects for which Federal grants are authorized.
4. $250 million to supplement any of these purposes.

We endorse the provision in both bills that Federal assistance under this program should be available only to projects that would bring about a net increase in the public works expenditures of the State and local governments receiving it. Also, we believe all projects should maintain labor standards as determined by the Secretary of Labor under the Davis-Bacon Act.

What could such a program accomplish in 12 months?

It could bring about a total increase of $2½ billion in public works, including $750 million in matching funds from State and local governments.

It could create about 100,000 on-site and 150,000 off-site jobs.

The multiplier effect on consumer industries, and retail and wholesale trade, as described earlier, could add another 375,000 jobs.

The increase in employment, then, could be approximately 625,000 in a year.

Surely this would be a powerful weapon against an economy stalled on dead center or against a looming or developing recession. Surely $2 billion is a small price to avoid the staggering material and human costs of a recession—costs that take their toll of Federal income, too.

It is from this latter standpoint that we believe the budgetary issue should be considered. Contrary to the impression in some quarters, we in the AFL–CIO believe in a sound, responsible fiscal policy for government. But we also believe such a policy requires a broad view, embracing, not only the Federal balance sheet of the moment, but the balance sheet of the Nation. The way to assure a balanced

budget, in our opinion, is to achieve a high level of economic activity and full employment. Deficit spending that leads to this result is an investment that will be reaped in future surpluses.

I have not attempted to go into a detailed discussion of all the provisions of the bill we hope your committee will write. I have stressed only the points we believe are the most essential, in this very essential legislation.

I want to express our thanks, again, for this opportunity to be heard, and I repeat our earnest hope that you will in the near future launch this comprehensive program on a successful course through the Congress.

Mr. BLATNIK. Mr. Meany, the Chair expresses, in behalf of the full committee, our appreciation for your very substantial testimony.

The statement you submitted this morning is solid, factual, comprehensive and realistic, and a very sobering account. We need to have greater attention focused on the problems before us, and you have helped to do so.

Your appendixes A, B, and C, as requested, will be included at the end of the witness' testimony.

Are there any questions on my right? Any questions on my left? Mr. Baldwin?

Mr. BALDWIN. Mr. Chairman.

Mr. Meany, I would like to congratulate you on a very comprehensive statement which you have presented.

One of the problems that this committee has to go into is to determine whether all steps possible have been taken by the Federal Government to endeavor to do everything possible to speed up the existing authorized or appropriated funds. Most every one of the shipbuilding unions on the Pacific coast have been in touch with me in the last 2 months to state that they have ascertained according to their best judgment that there has actually been a slowdown by the Maritime Administration in awarding contracts which are presently authorized under existing law with the funds appropriated for maritime ship construction.

Do you have any observation as to whether you have ascertained the same thing, and what steps you yourself may have taken to bring those facts to the attention of the Maritime Administration?

Mr. MEANY. Our metal trades department I understand has pushed on this thing, but they have not brought it to my attention; but I think your analysis is correct. There is money appropriated that could be spent in the maritime industry at this time.

Mr. BALDWIN. Thank you.

Mr. SCHWENGEL. Mr. Chairman.

Mr. BLATNIK. Mr. Schwengel.

Mr. SCHWENGEL. I want to agree with what has already been said about your statement, Mr. Meany, and say to you that as a Republican, and like all Members, we are greatly interested in coming to grips with this problem of unemployment that prevails, and which plagues us as we live in a complex society, but also a society that has furnished more and done more for our people through implementing the principles and the virtues that we find in freedom and liberty, than any other system of government in existence.

I am one who does not want to hamper the rules which must be applied if we are going to continue to grow and expand as we have in the past, and continue to be great. It is because of my great concern, and because I feel some of these make-work projects are not the real answers, that I want to raise certain points in your testimony and ask you about them.

Before I do I want to say to you that I commend you and your leadership of a great labor movement, and also say to you I am not unaware of the great contributions that have been made by predecessors of yours in the responsible positions in the labor movement. I have read a great deal of Eugene Debs and his contribution to the labor movement. William Green was a friend of mine, and John L. Lewis came from the great State of Iowa, which I have the honor to represent. He has not always agreed with and, in fact, he has disagreed with a lot of people, but he has made a genuine contribution to the labor movement.

I note what you say about the implementation of this bill, and that it will relieve unemployment, but is it not true, Mr. Meany, that in large part at least these projects provide only temporary employment? Is this not true? There is nothing permanent in it.

Mr. MEANY. The entire construction industry, Mr. Schwengel, in all of my years in the labor movement and in the construction industry—and that is where I come from—the entire construction industry provides only temporary employment. There are no permanent jobs in the construction industry except the people at the supervisory level, and even their jobs are not permanent.

Mr. SCHWENGEL. Can we not participate better in public improvements that will aid the economy of the country? I am thinking now of the highway program.

Mr. MEANY. You are thinking of the type of improvement? The type of work?

Mr. SCHWENGEL. Right. For instance, the highway program, which we need for developing this Nation—the highway program that was brought forth, initiated, and passed and promoted by the previous administration. This can strengthen the economy of the country and will create more jobs if and when it is completed. Is that not true?

Mr. MEANY. Oh, yes. There is no question about the importance of the highway system. There is also no question of the inadequacy of our present highway system both urban and out in the country. But as I understand it, these measures are to provide money for local and county governments and State governments to push forward with projects which they already have in the planning stage, and which they have already approved, and which are merely waiting for the financing. This is to give us a shot in the arm there. I assume this is an entirely different approach than an emergency approach such as we took under great stress in the 1930's, where we did have an emergency situation and the major idea at the time was to put people to work, or else put them on the dole, and give them the money.

We are not asking for that type of program. We know, because we have made a survey, that there are thousands of these worked-out plans for the extension or the building of a library, or the repair of local roads and streets, which are certainly needed, and which will

put additional facilities at the disposal of people in the various cities and counties. We think these are all useful things and under the present situation this is the time for the Federal Government to give an assistance to the local communities. We are not looking for any WPA, or what you would call a PWA, or CWA, which I happen to remember quite well, and which I remember also with a great deal of pride, and a great deal of pleasure, because whether they were leaf-raking things or not, they did accomplish their purpose at a time when the Nation was prostrate and at a time when the Nation was practically flat on its back, and when big business, if you please, was calling for Government regulation and anything to get us out of the slump.

So while we can look back and say they raked leaves, in the final analysis it was a case of the Federal Government meeting a very tragic situation. The main purpose then was to get money into the hands of these people who had none. We are not taking this approach here, sir. We are not saying we are in that situation.

Mr. SCHWENGEL. I lived through that time. I had to work my way through college in that period, and I might say I raked leaves too, for 25 cents an hour, but I never felt that this was a very great answer to a perplexing problem. As we study that period we find that unemployment did not go down substantially in that period.

Mr. MEANY. No, of course not.

Mr. SCHWENGEL. We were coming to grips with a problem that needed to be resolved so we could have full employment for everybody.

Mr. MEANY. But you realize we were going through a period of American history where there were great changes taking place. Up to that time the attitude of big business in America was let the economic play of the marketplace take place—the law of supply and demand, and so forth. Government has no place in this, they said. But in March 1933 they said that Government did have a responsibility. The Government had to step into a chaotic economic picture that brought us to the point where, even with the much smaller labor force that we had then, we still had 12 million people unemployed at one time.

Mr. SCHWENGEL. My point is what we did probably had to be done at that time, but we did not come to grips with the problem that needed to be dealt with, so that the economic forces could be free to operate and everybody could have a permanent job. That is what I am interested in and what my colleagues are interested in.

Mr. MEANY. We are interested in that too, of course, and I might say we have never come to grips with that problem. We have talked about it a lot and this is what the Unemployment Act of 1946 was supposed to do, and that was 16 years ago.

Mr. SCHWENGEL. I noticed your figures. You said 250,000 people you estimate would be given jobs.

Mr. MEANY. Yes.

Mr. SCHWENGEL. Out of a total unemployment of 5 million. That is a pretty small percent, is it not?

Mr. MEANY. Yes, but it helps.

Mr. SCHWENGEL. It indicates, if this is the kind of effort, there are other things we need to do. I want to ask you if it would not make more sense for us to have hearings and consider the changing of laws through a watershed program, with which I am quite familiar.

I know we have to bring those laws up to date and that changing those laws would enchance that program, and I am sure it would be very much in the public interest.

Another one which we are wrestling with in the Congress now is the tax bill, which I think is completely inadequate and unrealistic.

I would like to ask you, sir, if it would not make a lot more sense, if we want to solve this unemployment problem, to pass a law that would give business a realistic depreciation allowance, and I would like to have that apply especially in the area of small business, where the greatest opportunity for growth and expansion exists in America today, and where the greatest need is.

Mr. MEANY. We have testified on that bill, and we certainly are not opposed to business expansion, but I understand now that the opposition to this investment tax credit is that this is being too generous to business. I do not know what the politics of the situation are.

Mr. SCHWENGEL. I am for realistic depreciation allowances.

Mr. MEANY. We certainly think that they should, if they are going to give business an investment tax credit, they should close enough tax loopholes to make up for the loss of revenue.

Mr. SCHWENGEL. Now you are getting at something——

Mr. MEANY. God knows, why should the worker have a deduction from his pay envelope each week and the investor get his returns of interest and dividends and not have it deducted. There is every statistical reason to believe that $600 million goes astray every year. Why shouldn't these people pay their taxes?

Mr. BLATNIK. Will the gentleman suspend, please? The point is well made, but we are not going to determine the fiscal policy, especially with regard to taxation, here this morning, or at any time before this committee. We will do it on the floor of the House this afternoon. I do not want to interrupt, but our time is limited.

The gentleman does have a valid point and it is a very important subject, but we do not have any jurisdiction over it.

Mr. SCHWENGEL. I have been asked by one of the gentlemen to yield, but I will not yield.

Mr. BLATNIK. The Chair will recognize him in turn. We will recognize him, but I would like to add that we have about 6 minutes left before the next witness, who is a very distinguished and very responsible public official of the Government, and we would like to move along. The Chair has allowed you, I think, about 9 minutes.

Do you have any other questions?

Mr. SCHWENGEL. I would like to say this, Mr. Chairman: This is pretty important legislation and it is far-reaching.

Mr. BLATNIK. The Chair hopes we can confine ourselves to the subject.

Mr. SCHWENGEL. And it includes a lot of things that will hamper our growth or expansion. I think it is a shame we are working on a schedule so close that we cannot have the benefit of the experience of some of these people. We have this man here who spends his life on this subject, and I think there is a lot more testimony he could give that would be brought out on cross examination. I think we should have given time to him so that we might have the benefit of the experience of these people.

I am being squeezed out and I don't like the idea of limiting the time period.

Mr. WRIGHT. Mr. Chairman.

Mr. BLATNIK. Mr. Wright.

Mr. WRIGHT. I was seeking to see if Mr. Schwengel might yield to me on the point he was intending to discuss.

Mr. SCHWENGEL. Yes.

Mr. WRIGHT. I think perhaps one of the things Mr. Schwengel mentioned is very much in point here. Mr. Meany, you would probably agree that there is a distinction between various types of public works undertakings. Some of them create jobs only temporarily. Others stimulate the private sector of the economy in such a way that continuing areas of employment are created. Particularly with reference to that latter category, Mr. Schwengel mentioned the upstream soil conservation program, and I think perhaps other water resource developments would fall in that category and create the climate for new industry and new commerce.

Would you think that looking down the road as a long-range aid to the growth of our economy, rather than merely as a temporary means of alleviation of the situation, it might be well for us to suggest that some priority could be given to that type of public works construction which would assist in creating the climate in which the private sector of the economy would be stimulated to create more jobs permanently?

Mr. MEANY. Well, naturally we would certainly be in favor of what you call the long-range type of job. Anything that uses the natural resources or puts the natural resources to the use of the people as a whole has a far greater effect than just something you do, when you are finished with it. For instance, making electric power available changes the whole atmosphere and the whole nature of a community, and we think for the better.

But, Mr. Wright, we are dealing with a problem which we see as a difficult one. Each recession we have had has started from a higher base of unemployment. In other words, the first recession in the 1950's started with 1.9 million people unemployed. Each successive depression—and we have had four of them—has started from a higher base. If we run into one this fall, which is not outside the realm of possibility, it will start perhaps from a base of 5 million unemployed and then go on up.

Now, it is all right to say that we can afford 5 million unemployed. I mean, it's a great, big country and we have built-in safeguards that were built in some years ago. We have unemployment insurance, and people have savings, and all that. We are certainly not in the situation we were in the thirties, where, when a man got out of work, he was immediately out of the market as a consumer, and we had this vicious cycle that his unemployment immediately caused somebody else to be unemployed. We are not in that same situation insofar as the length of time is concerned which the cycle is working in. The cycle is working over a long-range period of time, and when we get to the point where we are starting from a 5 million base of unemployed, and then perhaps go up to 7 million, then we are going to get to the point where unemployment is going to definitely feed on itself when we get into this vicious cycle.

The way I see it, can we afford not to try to do something about that at this time? There is no question of the advisibility and usefulness of the long-range approach, Mr. Wright, that you spoke of, but we are now talking about something to try to change this present downtrend, and try to get it started up again.

Mr. DOOLEY. Mr. Chairman.

Mr. BLATNIK. Mr. Dooley.

Mr. DOOLEY. Mr. Meany, I have listened to your testimony with great interest, because I think you are one of the great leaders of our time. I say that in sincerity. Your contribution has been a stimulant to the workers and the country, and your fight against communism has been all important.

I do not ask this question in an effort to harass you, but this morning's lead editorial in the Washington Post, a newspaper friendly to you and to the administration——

Mr. MEANY. Yes, I read it.

Mr. DOOLEY. I won't quote the editorial.

Mr. MEANY. I have already covered the point. They say, "Another WPA," and I say, "No, it is not another WPA."

Mr. DOOLEY. If organized labor is really interested in dealing effectively with chronic pockets of unemployment that do exist, why do you support a bill that spreads its proposed benefits so thinly over the United States in order to get needed support of rural Members of Congress? The very same type of approach here is the area redevelopment bill which, as my learned colleague from Florida, Mr. Cramer, suggested yesterday, would by an immediate Executive order from the President open up these funds already appropriated, and which would even be more immediately advantageous. There is $2 billion in authorized funds already in the Housing and Home Finance Agency for area redevelopment.

Mr. MEANY. We are certainly for that. We are for it. But failing to get those things, we feel that something has got to be done to meet the immediate problem. I am not familiar enough with the workings of the Congress to know whether this will appeal to the rural or urban votes. It is something that is not my business, but this seems to be a practical approach. We know that there are thousands of plans—not hundreds, but thousands of plans in this country lying in the public works bureaus of a county, or city, or State, and surely—surely some of them must be socially and economically useful to the community, or they would not spend all of the money they do to prepare them. We say out of those plans, with a little "shot in the arm" from the Federal Government, we can get a lot of people back to work now.

Mr. SCHWENGEL. Mr. Chairman, I would like to say I am not one who says we can afford unemployment of any kind. I think so long as we have unemployment we can do something about, we ought to be doing it, but I think we ought to do it on a sound basis.

In that connection, sir, I would like to ask you, have you read the dissertations presented by some 43 different Congressmen last year under the general title of "Operation Employment"? This is your general field and your general area of interest. Have you read that?

Mr. MEANY. Read the——

Mr. SCHWENGEL. Read the Congressional Record?

Mr. MEANY. No, no.

Mr. SCHWENGEL. With the speeches of the 43 Members of Congress?

Mr. MEANY. I read any number of statements, but I confess I can't read the Congressional Record every day. Some of the Congressmen take the trouble to send me their statements and I always read them when they send them to me.

Mr. SCHWENGEL. I am going to send you those statements.

Mr. MEANY. I would be very glad to read them.

Mr. SCHWENGEL. Some of them I don't entirely agree with, but they were the result of work by some college professors in the economic field who had given some serious thought to this, and their testimony is that this kind of approach is not the real answer.

Mr. BLATNIK. Will the gentleman mail his speeches and not describe them now?

Mr. DOOLEY. I suggest that he drive by and pick them up in his station wagon.

Mr. MCVEY. Mr. Chairman.

Mr. BLATNIK. Mr. McVey.

Mr. MCVEY. Mr. Meany, I am most concerned about the patronage aspects of this bill. Really, don't you feel if a President were to create employment through public works projects, members of your union then would vote for that President for reelection?

Mr. MEANY. No one is going to accuse the members of my union of being ungrateful to a President or to anyone else, but surely this is not the only type of thing which comes before Congress which has a patronage aspect to it. And, my God, I can't approach my problem from the standpoint of whether it is going to give patronage to somebody or not. Let me say this: This is our program. We figure this is the workers' program and surely we are happy to see every Member of Congress, or any official, go along with it.

Insofar as the patronage is concerned, this runs through every bit of public works that is done in every part of the country at every level of government. So I can't address myself to that.

Mr. HARVEY. Will the gentleman yield on that point?

Mr. MCVEY. Yes.

Mr. HARVEY. Since you have read this editorial we talked about this morning, I wonder along that same line if you will agree to this statement in the editorial:

> The political overtones of the proposal are plainly audible. A wide range of localities, far beyond the areas of greatest need, is made eligible because that is the way to bring on board the necessary number of legislators.

Mr. MEANY. That is a political matter and that is not my business. You gentlemen are all in the political game and you can make your own interpretation. I am looking for work for the American people, and I am not worried about the political implications. Naturally, Congressman, any appropriation that Congress makes, where they are going to spend the public money out in the field, has got political implications.

Mr. HARVEY. I did not mean to disparage your character. Don't misunderstand me one bit. But I think you will agree with me this project does have these political overtones we are talking about.

Mr. MEANY. All of these projects do. Naturally.

Mr. HARVEY. Let me say this: I don't think from the testimony I have heard in the last week here that there is too much question

of the merits of a standby public works program with the planning that goes into such a program. I think that the only questions that have genuinely come up in the minds of any of the members is whether Congress ought to delegate this power to the President or not. In your testimony before the Senate hearing, as I read it last year, I understood you to say you were in favor of this program being triggered at a 4-percent figure of unemployment. Is that correct?

Mr. MEANY. That was the figure at that time on the standby program.

Mr. HARVEY. In your statement here you have gone over to the Blatnik proposal. Have you changed your thinking in that regard?

Mr. MEANY. One percent.

Mr. HARVEY. Is that of your own volition, or is that because of other reasons?

Mr. MEANY. No, I think——

Mr. HARVEY. Have circumstances changed since that time?

Mr. MEANY. Yes, yes. They have gotten worse since that time. We have had this period—the period is that much older now and that much longer without recovery.

Mr. HARVEY. Let me ask you this other question. Have you and the organization you represent given thought to the inflationary aspects of the program insofar as the construction industry is concerned? Let me preface that by saying that Mr. Heller appeared the other day as Chairman of the President's Council of Economic Advisers and he in his testimony stated that there was no question but that the construction industry had experienced considerable inflation over the last years. Have you given consideration to that aspect in this particular recommendation here?

Mr. MEANY. Yes, we have considered that and we feel that is a risk you have to take in this sort of thing. Actually, the construction industry, as far as wages in the construction industry is concerned, if we could get everybody working at full employment it would not be a great problem because in every construction wage rate there is written a form of insurance against the seasonal type of unemployment. Not only seasonal but intermittent.

Mr. HARVEY. Excuse me. I ask that question because in yesterday's Wall Street Journal there appeared an article which set forth a report of the Dodge Corp. which makes estimates on the amount of construction awards, and so forth. They pointed out in that article the construction awards in the month of February had reached an alltime high. We are at that figure now and planning the impact of the purchasing of this cement and building materials, and so forth, and the effect it will have. I wonder if your recommendation here is not flying right into the teeth of that. If the Government gets into that program with public-works projects aren't we increasing the demand for cement, lumber, and all the things that go into building materials?

Mr. MEANY. I don't know what the Dodge report applies to. I don't think it applied to the entire construction industry. I know that housing starts have dropped way down.

Mr. McVEY. Will the gentleman yield back a minute?

Mr. HARVEY. I will, if I can ask the chairman and if I can get an answer to this request.

Mr. MEANY. I would like to take the unemployment rates for the Nation as a whole and compare them with the construction rates, and you will find that there are more construction people out of work now.

Mr. HARVEY. I do not quarrel with that figure, and Mr. Heller and Mr. Bell both gave that to us, but Mr. Heller also pointed out while there is greater unemployment there was also greater inflation, as the record will show. I hope I can have unanimous consent to insert that article in the record at this point and the editorial from the Washington Post.

Mr. BLATNIK. What article?

Mr. HARVEY. The article from the Wall Street Journal that I just described. Both articles.

Mr. BLATNIK. Without objection they will be made a part of the record at this point.

(The documents referred to are as follows:)

[From the Washington Post, Mar. 29, 1962]

A NEW WPA?

The President's recommendation for a $600 million public works program correctly diagnoses the need for a stimulus to speed the lagging recovery. His therapy is far more dubious.

The high estimates of gross national product in 1962 put out by the administration have been questionable from the beginning. Events since January have made them more questionable, and the administration seems about to recognize this. Hence the President proposes to spend a total of $600 million, of which $25 million would go out in fiscal year 1962, if the Congress acts promptly, $350 million in fiscal 1963, $225 million early in fiscal 1964. The money is to be spent on capital projects that can be quickly initiated or accelerated and that can be completed within 12 months after startup. It is to be spent in 958 areas comprising 38 percent of the population.

A program of this sort has the earmarks of economic ineffectiveness and political mischief. The immediate stimulation in any case would be small—witness that only $25 million would be spent in the next 3 months in the uncertain case that the Congress acts promptly. The money would be spread very widely, over 38 percent of the population, which works out at an average of $8.60 per head in those areas. It will not be concentrated on the real trouble spots. To select projects by the criterion that they can be terminated within 12 months means to rule out from the start any new major construction and many other high priority projects. What this comes down to is a new WPA, with priority on getting out the money and only secondary regard for what is produced by it.

The political overtones of the proposal are plainly audible. A wide range of localities, far beyond the areas of greatest need, is made eligible because that is the way to bring on board the necessary number of legislators. This means also that the administrator, whoever he may be, will have wide latitude in selecting locations. Much money will be wasted doing low priority things to get done a few with high priority. Projects based on such criteria of "need," moreover, give little hope of ever coming to a logical end. Permanent pork barrel for the administration is the most likely end of the story.

The economy needs stimulation, but not so desperately that time could not be spared to look for a better way of applying it. Activity continues to go up, after all, and is expected to keep going up. The Nation can afford to do this in a way to get the most for its money. In fact, given the urgent need to raise productivity, it cannot afford to do it any other way. The administration can justify a tax cut that would enlarge the now badly mutilated investment tax credit for new equipment. It can justify public works expenditures for well selected public investment that will increase output in later years. Compared with these alternatives, the WPA approach is the least attractive. Almost 30 years after the invention of that institution, the administration should be able to think of something better.

[From the Wall Street Journal, Mar. 28, 1962]

BUILDING AWARDS LAST MONTH SET FEBRUARY RECORD—TOTAL UP 23 PERCENT FROM 1961 PACE; ALL CATEGORIES HAD GAINS, PARTICULARLY RESIDENTIAL—DODGE BOOSTS 1962 FORECAST

(By a Wall Street Journal staff reporter)

NEW YORK.—February building contract awards spurted 23 percent above a year earlier to a record for the month, F. W. Dodge Corp. said.

The construction statistical concern also predicted construction contracts this year will exceed the 1961 level by an even greater amount than forecast earlier.

The sharp rise in February contracts to $2,748,750,000 from $2,235,367,000 a year earlier and $2,657,618,000 in January reflected sizable gains in all major construction categories, particularly residential buildings, Dodge said. Awards for new housing soared 37 percent from a year ago. Total awards in January had scored a 7-percent gain from 1961.

Construction contract awards for the first 2 months were 14 percent ahead of the early 1961 pace.

REVISED PREDICTION FOR YEAR

Dodge economists currently figure total awards this year will reach a record $40,832 million, up 19 percent from last year's $37,135 million. Last November when Dodge announced its original 1962 forecast, it predicted that contract awards this year would total about $39,961 million, up 7 percent from the 1961 total.

"The gain in contract awards over 1961, both in dollar volume and in percentage terms, is likely to be the greatest since 1955," Gordon W. McKinley, vice president and chief economist for Dodge, said in a prepared statement issued at a press conference. Dodge has scaled upward its predicted gain this year for every major construction type, with the biggest boost of 13 percent forecast for residential construction contracts.

The faster pace of contract awarding promises a higher rate of spending on construction and building materials this year than had been expected, Mr. McKinley remarked. "Our forecast implies" an annual rate of construction spending this year "as high as $61 billion," which is higher than the Government's estimate of $60 billion and the seasonally adjusted annual rate in February of $58.7 billion, he said. "Any increase of this nature should have a significant impact" on the sales of building materials, especially later in the year as contracts are translated into construction starts, he added.

He said that the pace of contract awards so far this year is "above expectations * * * even after allowance for the fact that 1961 awards were held down by the recession early last year." The economist observed that the recent high level of contract awards has been reflected in orders for structural steel with the January figure the highest for that month since 1957, and new orders for construction machinery up "substantially" in January.

BUSINESS SPENDING

Another factor bolstering the construction outlook, he said, is the recent Department of Commerce finding that businesses plan to spend 8 percent more this year than last on new plants and equipment. "Because in the past such estimates have been progressively raised during the period of business recovery," he said "the final figures are likely to show even greater increases."

Dodge broke down its February figures and revised forecast for the year this way:

Residential: A continued surge in contracts for new apartment houses, up 114 percent in February from a year earlier, pushed up total residential contracts awarded last month to $1,192,345,000 from $869,892,000 in February 1961. Single-family home awards were up 16 percent.

Dodge estimated that residential awards for the year will total $18,219 million up from $16,123 million in 1961. Dr. McKinley said that "unusually" poor weather and quirks in the Commerce Department's seasonal-adjustment may be the reason why Government housing figures have slipped on a month-to-

month basis for the last 4 months, to the lowest point in February in 14 months. Dodge is sticking to its earlier forecast of 1,400,000 home starts this year, expects a pickup in the seasonally adjusted annual rate in March from 1,126,000 in February and believes that the rate in April and May could reach 1,400,000. the economist said.

"At least 28 percent of this year's starts will be apartments," Mr. McKinley predicted, up from 25 percent or 26 percent last year. In the first 2 months when residential contracts rose 29 percent apartment awards were up 95 percent and accounted for about a third of all the residential contracts.

Nonresidential: Awards last month rose 11 percent to $892,747,000 from $804,-427,000, and Dodge expects the trend to continue, although at a slower rate of gain. Contracts awarded this year are expected to total $13,023 million, up 7 percent from last year's $12,115 million. Earlier, it predicted a 4-percent gain.

Heavy engineering: Helped by a gain in contracts for public works projects, heavy engineering awards rose 18 percent last month to $663,658,000 from $561,048,000 a year earlier.

Dodge predicted the rise for the year would be 8 percent to $9,580 million from $8,897 million in 1961. Earlier it forecast a 6-percent rise.

The rise on contracts last month was reflected in Dodge's construction contract index, which is adjusted for seasonal fluctuations. It reached 119 in February, up from 95 a year earlier and 115 in January. The February level, a record for the month, was the second highest reading for any month. The record for all months, 120, was set in December 1960. The average for 1957–59 is 100.

Dodge scaled up its estimate of the reading for all of 1962 to 118 from 108 in 1961.

Mr. HARVEY. And I yield back to my colleague.

Mr. MCVEY. Mr. Meany, you are asking here for continued deficit spending. Do you feel we will solve the economic problems of this country by continuing to go into debt when we are already head over heels in debt?

Mr. MEANY. I know we have been in debt a long time and we have raised the debt burden. Frankly I am not scared by that. This question of unemployment to me runs to the question of the Nation's security. This is just as important in the cold war as anything else we do. I don't know what you mean by "deficit spending." When you are in trouble you have to engage in this. I think this is pretty much a good old American custom, to do things on credit, as it were.

Mr. McVey. But don't we have some other things running here that go to this problem? For instance, the matter of foreign imports coming into this country in competition to the products produced here at home; the matter of some people advocating lowering tariffs which actually protect the wages that your workers get in the plants here. For instance, you are talking about the fact that unemployment has stepped up from one recession to another. Is it not also true that since the war the market has become saturated with products as we produce these things and as people have bought them and bought the appliances and automobiles, and so on? Don't we have other problems that tie into this picture?

Mr. MEANY. I suppose all of the economic facets tie into the unemployment picture, but insofar as American competition with foreign products is concerned we don't suffer under that. We are able to compete. The record shows that we are competing in all of these areas, even though there is a wage differential. But the wage differential does not tell the whole story in this case.

Mr. MCVEY. And you don't feel the foreign competition because

of these products being imported is any substantial factor, then?

Mr. MEANY. No.

Mr. MCVEY. You failed to mention one great segment of our population here today; that is, John Q. Taxpayer. How do you propose that we raise this $2 billion?

Mr. MEANY. By taxes, the way you raise any revenue. I happen to represent a lot of people who pay it, too. I speak for John Q. Taxpayer to the extent of several millions of them. We pay for this the way we pay for anything else.

Mr. MCVEY. But by raising the taxes you are going to cut into the wages these people get, aren't you? You are going to leave less money for the taxpayer.

Mr. MEANY. You are getting back into the tax business.

Mr. BLATNIK. The chairman would like to make a comment on that point. We discussed it very thoroughly in 1953 and 1954 and back in 1957–58, first with the then Secretary of the Treasury, Douglas Dillon, a very competent, conscientious, and great American, and at that point it was my contention that we cannot avoid the expenditure. All we have is a choice of determining how to expend it. As it turned out, after the 1957–58 recession we turned up with high unemployment compensation expenditures and high relief rolls expenditures on the local level and ended up with an alltime high peacetime deficit of about $12 billion in 1958. I know in the past 18 months we have spent about $5 billion on Federal unemployment compensation, which is a justifiable program. We are hoping to use some of that, if feasible, to help people when they are out of work and to put them to work if they want to work, and at the same time to build up facilities that will provide the country with needed services for many years to come.

So, I don't think, as a member of the committee now, that we should keep expenses down in deference to relief or unemployment compensation when we can use it for a constructive and positive program like this.

Mr. MCVEY. I would like to say I certainly agree and I would like to see people spend to reduce unemployment more than anything else.

Mr. BLATNIK. Mr. Meany, we are grateful to you. You have made a great statement. Obviously, you did a tremendous amount of research and gave a lot of thought and time in review and evaluation in preparation of your program, and you made a most splendid and most helpful statement to the committee. Thank you very much. We will have a 10-minute recess. We express our regrets to the Governors who are here and who will of necessity have to wait. We did not know that the House would be going into session at 11 o'clock, 1 hour earlier than is customary. The Members are on the floor now answering a quorum call and will be back here in 10 minutes. So we will have a 10-minute recess at this time.

(Whereupon a recess was had.)

(The appendixes to Mr. Meany's statement are as follows:)

Appendix A

Construction plans of State and local governments for the 18-month period, July 1960–December 1961

Item	Type A project [1] scheduled for completion of planning—				Type B projects [2]
	July through December 1960	January through June 1961	July through December 1961	18-month total	
Number of projects costing:					
Under $100,000 per project	22,707	18,982	16,370	58,059	9,019
$100,000 to $999,999 per project	9,650	8,971	6,662	25,283	8,239
$1,000,000 or more per project	1,482	1,663	1,687	4,832	1,575
Total	33,839	29,616	24,719	88,174	18,833
Estimated construction cost (in millions) of projects costing:					
Under $100,000 per project	$636	$638	$448	$1,722	$359
$100,000 to $999,999 per project	2,985	2,565	2,215	7,765	3,255
$1,000,000 or more per project	3,892	4,141	4,170	12,203	4,919
Total	7,514	7,344	6,833	21,691	8,533

[1] Type A projects are defined as projects for which all planning actions necessary in advance of starting work or advertising for bids are scheduled to be completed during the periods shown (excluding any projects already underway or advertised for bids as of June 30, 1960).

[2] Type B projects are defined as additional projects not recorded as Type A, but already included in a master plan, capital budget, or equivalent, for which all planning actions would be completed between July 1960 and December 1961 if authority and funds for their planning and construction were available at the time of the survey.

Source: Mail-canvass survey of public construction plans conducted by Governments Division, Bureau of the Census, between August and November 1960, covering all States and a sample of local governments, published Dec. 23, 1960.

Appendix B

Labor Requirements in Public Works Construction

The Bureau of Labor Statistics studied labor requirements in highway construction in 1958 and school construction in 1959. The findings are as follows, per $1,000 of expenditures:

	Man-hours
Highway construction:	
On site	94
Off site	125
Total	219
School construction:	
On site	84
Off site	128
Total	212

These findings can be applied roughly to public works construction, in general.

Increases in productivity and changes in prices since 1958 and 1959, however, have reduced labor requirements. At present, labor requirements are probably in the neighborhood of about 200 man-hours per $1,000 of expenditure. This would mean a rough estimate of approximately one man-year of work (about 2,000 hours) per $10,000 expenditure or 100 man-years per $1 million of expenditure.

If the on-site and off-site proportions have remained approximately the same, they are about 40 percent on site and 60 percent off-site. A $1 million expenditure could generate about 40 on-site and 60 off-site many-years of work.

The Bureau of Labor Statistics findings, as to job and skill classifications in on-site highway construction, are:

	Percent
Equipment operators	37.8
Crafts associated with equipment	5.4
Other skilled crafts	13.7
Unskilled	32.5
Professional, managerial, clerical	10.6
Total	100.0

In on-site school construction, the Bureau or Labor Statistics findings for job and skill classifications are:

	Percent
Carpenters	18.7
Plumbers	9.4
Bricklayers	9.3
Electricians	7.1
Other crafts	18.6
Laborers	24.0
Helpers and tenders	5.1
Other	7.8
Total	100.0

Specific job and skill requirements differ widely from one type of construction to another. Requirements for unskilled workers seem to be about 25 percent to 30 percent of total on-site labor requirements.

Source: Based on "Labor Requirements For School Construction" (1961) and "Labor Requirements for Highway Construction" (1961), published by BLS, U.S. Department of Labor.

APPENDIX C

Unemployment rates in the Nation as a whole and in construction

	Percent of civilian labor force unemployed	Percent of construction workers unemployed		Percent of civilian labor force unemployed	Percent of construction workers unemployed
1953	2.9	6.1	1958	6.8	13.7
1954	5.6	10.5	1959	5.5	12.0
1955	4.4	9.2	1960	5.6	12.2
1956	4.2	8.3	1961	6.7	14.1
1957	4.3	9.8			

Source: U.S. Department of Labor.

Mr. FALLON (presiding). Ladies and gentlemen, after a brief recess, the Public Works Committee is in session for the further consideration of H.R. 10113 and H.R. 10318, known as the Standby Capital Improvements Act of 1962.

We have on this committee a very valuable member from the great State of Pennsylvania, Mr. Clark, and I would like to ask him to present the next witness.

Mr. CLARK. Thank you, Mr. Chairman.

The next witness is the Honorable Governor David Lawrence, and I would like to have him come up to the witness chair.

STATEMENT OF HON. DAVID LAWRENCE, GOVERNOR OF PENNSYLVANIA, ACCOMPANIED BY WALTER W. GIESEY, EXECUTIVE SECRETARY TO THE GOVERNOR, AND RALPH WIDNER, ASSISTANT DIRECTOR, STATE PLANNING BOARD, STATE OF PENNSYLVANIA

Mr. CLARK. Governor Lawrence is known all over, not only in the United States, but also all over the world.

He is known for his leadership, as a man with the highest integrity, a man of action, and a man who can always be depended upon to come up with the solution at the right time. He is more than that.

He is a man known for the renaissance of Pittsburgh, and, I am sure, Governor Lawrence, that you will add much to this program today.

We are very happy to have you with us.

Mr. FALLON. Governor Lawrence, on behalf of the full committee, I would like to welcome you here today and thank you for giving of your time to come down here to testify on this bill.

Governor LAWRENCE. Mr. Chairman, members of the committee. I want to express the thanks of Pennsylvania citizens for this opportunity to present testimony on the President's request for an anti-recession public works measure.

We are emphatically in favor of this proposed legislation, for we believe it is an integral part of the comprehensive and continuing effort we must make to put America's workers back to work and keep them there.

In particular, we want to place on the record wholehearted approval of the amendment providing extra moneys for public works grants this year.

President Kennedy asked the Congress on February 19 to provide legislation authorizing an emergency program of Federal, State, and local public works to counteract new periods of recession. The amendment would add to the $2 billion originally requested a sum of $600 million earmarked for use as quickly as possible.

I want to commend the leadership of Senator Clark and Representative Blatnick in pressing for this public works program.

From past experience we have learned the bitter lesson that each day of delay in the attempt to head off rising unemployment may require months of painful struggle later on.

Pennsylvania's annual average unemployment has ranged high, consistently, since the serious national recession of 1958. During that year nearly 500,000 of our workers were without jobs—a total of 10½ percent of our labor force, on an annual average.

A large part of Pennsylvania unemployment can be traced to the severe nationwide recessions of 1960, 1958, and the earlier recession in 1954. The hardest effects of joblessness in recent years have come as a result of cutbacks in the major, basic industries that still form the foundation of Pennsylvania economy. Those cutbacks have been national, rather than local, in origin.

Because we have suffered long-term, lingering unemployment problems in our State, 51 of our 67 counties are now listed as qualifying as distressed areas eligible for the Area Rehabilitation Administration program.

It is imperative, from our standpoint, that some positive Federal action should be taken to help us in the effort to revitalize the economy of the State. We have done an extraordinary job, thus far, on programs of our own—but there is enormous work still before us and I believe the Federal Government can play an important role in getting it done.

It might seem, at first glance, that the sums involved in the bill now before this committee are large. A closer look at the record of unemployment—and the cost of joblessness—proves otherwise.

The President has been conservative in his recommendation for funds to be used this coming fiscal year for public works projects. It cost Pennsylvania nearly that much—$341 million—for unemployment compensation last year, alone.

If we had made no effort, as a State government, to help ourselves and our people in these past few years, I would not feel that we have a right to urge passage of this legislation.

Pennsylvania does not come before the Congress with its hat in hand, however. As befits the Nation's most industrial and individualistic State, we have taken long and substantial steps to meet our own problems. In the past year, alone, we have cut over 100,000 from our jobless rolls.

We have found, for one thing, that the acceleration of public works is both feasible and necessary, when we are forced to deal with unemployment.

Just 4 years ago, Gov. George M. Leader, my predecessor in the Governor's chair in Harrisburg, initiated a program to speed up public works and develop jobs in Pennsylvania. In the first 5 months of 1958, State projects amounting to more than $292 million were accelerated. At the same time, Governor Leader was able to secure acceleration of nearly $38 million in local projects so that the total amount of projects affected was over $330 million.

In some cases the projects were speeded up only a few weeks—but in most of them, the projects were advanced as much as a year or two.

The effect on employment was, as expected, beneficial. Aided by this comprehensive acceleration program and a mild national economic upturn, Pennsylvania's average unemployment declined 15 percent by the end of the following year.

Pennsylvania is not troubled by a lack of necessary projects. I can assure you that we have now—and shall always have—a large volume of necessary public works projects at various stages of the planning process, nearly all of which could be logically and beneficially accelerated in a time of emergency if adequate construction funds were available.

This past year, for instance, I submitted a capital budget of more than $241 million to the general assembly, a budget, incidentally, which does not include highway construction. The assembly approved funds for both planning and construction of most of those projects.

As a result, we now have 90 projects under design with a total construction cost of about $102 million and planning will soon be initiated on a second large block of projects for which construction funds are available.

There was, however, a group of 32 projects in the capital budget for which only planning funds were provided. On these projects—ranging from libraries and science buildings in education to conservation projects—we are moving rapidly ahead on planning but construction funds cannot be made available before the 1963 legislative session. Their total cost will be slightly more than $50 million. If this act is passed, I assure you we would find matching funds.

As you can see, there is a variety of public works projects now in planning stages in Pennsylvania. Nearly all of them could be accelerated if construction funds were available; and the same rule applies to public works programs of our local governments throughout the State. I want to emphasize, again, that the funds I am discussing do not include programs of highway construction.

While I am on the subject of highways, however, I feel I should add that we have been able to use acceleration to great advantage in this field, also.

Last year, for example, the Pennsylvania Department of Highways expended $10 million in a speeded up program of hazard removal and general highway betterment. The program was late in starting, but as a direct result, 2,000 employable workers were actually working in jobs from the last of May to the first of December.

This year the highway department plans to initiate a similar program earlier. We are hopeful that its effect will be even more beneficial than last year's, in terms of its effect on unemployment and toward improvement of Pennsylvania's roads.

We do not deny that we have faced serious problems in unemployment in our State. We have tackled them, however, in the way that we feel they must be tackled—imaginatively and on a broad front, rather than in some timid, halfhearted, limited fashion.

The most notable of our efforts to solve our own problems, of course, has been the Pennsylvania Industrial Development Authority. Since it was signed into law in 1956, the authority—better known as PIDA—has worked with local citizens and local financial institutions to create 32,558 job opportunities for Pennsylvania workers. PIDA participation in the industrial projects has amounted to nearly $25½ million, but the total estimated payroll from the jobs created will be nearly $120 million annually. It should be evident, therefore, that Pennsylvania's pioneering industrial development program is paying dividends now and shall continue to do so for many years to come.

We have made excellent progress in retraining workers, also, carrying on an intensive drive to prepare those who were once employed in mines and closed factories for other kinds of work.

The retraining program has been extraordinarily effective; placement of retrained workers has ranged consistently from 85 to 95 percent.

When the ARA program went into effect, Pennsylvania was ready to move with additional projects for retraining. We now have more training courses submitted and approved by the ARA than any other State. We have 200 workers enrolled in retraining under ARA at the present time. Half of them had been unemployed 6 months or more and one-third had been unemployed more than a year.

It is our belief that each of the steps the Federal Government has taken is valuable. ARA is an important complement to the statewide effort we have made through PIDA. Federal participation in the retraining of workers is essential. And, by the same token, a program to empower the President to launch public works when recession threatens is a powerful deterrent to increasing unemployment.

The program now before this committee is a strong and effective proposal. It is a positive program and I urgently request that the Congress react positively to it, for the sake of the national economy and for Pennsylvania's citizens.

As I have mentioned, previously, we have many public works projects in our State that are now in planning stages. They lack only the necessary construction funds. There are others for which planning money, too, needs to be made available.

As an example of the kind of project Pennsylvania could put into action and press to completion within the allotted deadline in this bill, I want to discuss the Pennsylvania plan for area technical schools.

This is a proposed system of schools similar to those already constructed in Williamsport and Bucks County designed to give Pennsylvania students and workers superior instruction in the skills they need to seek employment in modern industry.

The preliminary program drawn up by the State department of public instruction calls for construction of 10 area technical schools—all but one of them in areas qualifying under ARA as economically distressed.

The schools are essential to the Pennsylvania education system but they are also a necessary part of our statewide effort to retrain adult workers and place them in gainful employment. The estimated cost of constructing and equipping each school would be $1½ million.

Since nearly all of them will be located in areas of economic distress, the local school districts are unable to meet the burden of constructing and equipping them alone. It is our belief, therefore, that the acceleration of public works programs proposed by this legislation could be most profitably and logically applied to construction of this school system in Pennsylvania.

The need for improved technical training in public schools grows with each passing year. Modern industry, the kind of industry that grows with time, developing new products and meeting new demands, needs a far more skilled and intellectually trained worker than ever before. The area technical schools, with equipment for training in electronics, chemicals, design and other advanced skills, represent a major advance.

In addition to this continuing need for education of our young people, we will have the persistent demand for reeducation for workers whose specialized skills have become obsolete. We estimate that, within 3 years, the demand for such retraining will reach as high as 50,000 persons.

Our vocational educational departments are bursting at the seams and we believe construction of area technical schools offers the best solution to the growing problems of matching educational offering with technological demands.

I want to make one thing perfectly clear. Pennsylvania does not favor the public works bills now before this committee because the program would offer us a handout.

We approve of this proposal because we feel that there is much work to be done—work that needs to be done.

There is a wide variety of projects that will benefit the citizens of our own State and this entire Nation. They are not projects to "make work." They are not being "taken off the shelf" to prime pumps or shuffle statistics. They are necessary programs of public work designed for the good of the public.

We are not asking the Federal Government to build monuments or memorials; we are not seeking favors or charity.

We believe that the public works program proposed by the President is an essential investment in the sound future of this Nation.

If we can build the public projects our State and Nation should have and, at the same time, relieve the pressures of persistent unem-

ployment, we will be fulfilling the basic requirements of our democratic system.

The men who founded this country, Washington and Jefferson, Adams and Ben Franklin, recognized the need for conserving its resources.

It is our belief that this public works program is, in essence, a program for conserving the greatest of those resources, the manpower and the initiative that lie at the root of all that America has done that is enduring and worthwhile.

Gentlemen, I have with me Mr. Ralph Widner, the assistant director of the State Planning Commission of Pennsylvania, and Walter Giesey, executive secretary.

And if there are any questions you might want us to answer we will be happy to do so.

Mr. FALLON. Governor, on behalf of the committee, I would like to thank you for such a fine statement.

I want to further congratulate you for the very fine job you have done in accelerating your road program in Pennsylvania.

It has been my good fortune to visit up there with you on a number of occasions, and I have found that your road program is probably as far advanced as you could possibly have it at the present rate that you are getting money.

Are there any questions on my right?

Mr. BLATNIK. No questions, Mr. Chairman, but I should like to join the Chair in expressing appreciation to the Governor for taking time out from his very, very heavy schedule to help us to present this case, and also for helping those of us who have struggled and wrestled with this frustrating problem to try to keep our men and women in productive work, and I think we are on the right track.

The time has come to come to grips with this rather than wait until we are in another recession again.

I want to commend you, Governor, for a very impressive and a very moving statement and also commend you for your assistance. Thank you.

Mr. FALLON. Any other questions?

Mr. CLARK. Mr. Chairman?

Mr. FALLON. Mr. Clark.

Mr. CLARK. I won't take much time in asking any questions, but I want to thank Governor Lawrence for appearing and giving us such a fine statement, and I know you have to be leaving for NASA very shortly, Governor—in fact, you are late already. I thank you.

Mr. FALLON. Any questions?

Mr. CRAMER. Mr. Chairman, I have a question.

Mr. FALLON. Mr. Cramer.

Mr. CRAMER. Governor, I respect your tight schedule, but it appears that all the witnesses we have before us lately have tight schedules and, therefore, our interrogation has been quite limited, and I, too, want to congratulate the State of Pennsylvania for taking as much State initiative as it has in these programs.

But I would caution you, and I would ask a question concerning it.

This $600 million program provides only, for this fiscal year, $25 million, and Pennsylvania is limited to 12½ percent of that much, which would be about $3 million.

Pennsylvania would be limited to 12½ percent of the $350 million in the next fiscal year. That is a year away, and if Pennsylvania got 12½ percent of that, it would get about $43 million as a maximum.

It is quite doubtful that any given State would reach the maximum.

And if that were done, based upon estimates as to how many employees might be affected and the fact that you spent $38 million in 1958, and only a mild economic upturn resulted and only a decline of 15 percent in your unemployment it would lead to the conclusion that the best possible relief that you could expect out of this bill would be an employment increase possibly, if you got the maximum amount in the second year, of about 10 percent of your unemployed or about 50,000.

Now, I trust you do not look at this bill as an answer to your problems because it is not.

Governor LAWRENCE. I do not think you are going to solve the whole economic problem in America by this bill, by any means. But——

Mr. CRAMER. Nor in the State of Pennsylvania?

Governor LAWRENCE. Well, or in the State of Pennsylvania, but we are interested in getting jobs for people.

We preside over a State as large as Pennsylvania and we are faced with the problems that we have, with the maladjustment of life in many areas also.

For instance, in the mining areas you find that the coal industry is down and you find big, able-bodied coal miners willing to work, anxious to work, and yet they cannot get a job, and you get tons of mail, and you get mail daily, from people appealing to you to do something to relieve their distress.

We reach out for anything that we can do to relieve that situation.

Now, with our PIDA program, that I mentioned here, we recognize the fact that maybe there we have just scraped the surface, but we did, by our figures, help to bring in new industry, help to expand industry which was there, to the extent that our figures show that we have created 32,000 jobs.

Mr. CRAMER. That is a long-range solution, is it not?

I mean there is the long-range approach, and this approach of public works pump priming, particularly in the amount suggested for Pennsylvania alone, would be peanuts, would not not?

This is a peanuts public works bill as it relates to situations like Pennsylvania. You suggested that 51 of your 67 counties are distressed areas, eligible for ARA.

If you got $43 million that would be about $850,000 a county.

Now, that is peanuts, compared to the problem, is it not?

Governor LAWRENCE. Surely, it is peanuts compared with the problem, but it is helpful in the problem.

It is one of the things that we feel that will help us move a lot of these projects that communities cannot move themselves.

Mr. CRAMER. Oh, yes, and you are also limited, you realize, to projects that must be finished within a year.

So these public works projects, that you are talking about——

Governor LAWRENCE. No, I am not talking about anything except projects that will be finished within the provisions of the act, within a year.

Mr. CRAMER. You indicate that you are in the process of doing a lot of large public works.

Governor LAWRENCE. Oh, yes, we are doing our share of it. Yes. We are doing a lot of things in the State.

We probably have the biggest roadbuilding program of any State in the Union, and probably the biggest that Pennsylvania has ever undertaken. So——

Mr. CRAMER. Do you not agree though that if this unemployment situation, through public works, is going to be accomplished to the extent that it will be effective in meeting what obviously is the unemployment problem in Pennsylvania, even on a short-range basis, that the far more effective approach would be for the President to accelerate some of the billions of dollars expendable in presently authorized programs that, as a matter of fact, has been deterred by the Presidential order in January to all departments to cut back?

Would that not be far more effective to get the job done, for instance, in community facilities loans and grants?

They stated before this committee that there was $500 million of unobligated funds for grants and loans to local communities for public facilities.

Now, if the President issued an order to accelerate that, that could go into effect immediately in an unlimited amount.

Do you not think that would be a better solution?

Mr. WIDNER. Mr. Congressman, you have mentioned many points here that we have thought about a great deal.

Let's take the last one that you have mentioned. We have benefited very greatly from the Federal grants available for the construction of sewage treatment plants, thanks to Mr. Blatnick and——

Mr. CRAMER. Thanks to the Congress.

Mr. WIDNER. Right. And this has been of a great benefit, and this State has establish a record of building more sewage treatment plants than any other State in the country, but we do have this problem.

A lot of the communities in our distressed counties cannot afford to build the sewage lines which the grants do not cover.

This bill would give us the opportunity to go in with a 50-percent Federal grant to start building those sewage lines.

You say we ought to concentrate more on the industrial development——

Mr. CRAMER. Have you tried to get money through the Community Facilities Loans?

Mr. WIDNER. We are talking about counties that are just down on their backs. They do not have any money.

They feel that if they had some sort of Federal assistance, to the tune of what these bills would provide, they could come on——

Mr. CRAMER. All right. So——

Mr. WIDNER. Please allow me to finish.

Mr. FALLON. Please allow the witness to finish.

Mr. WIDNER. They feel that they could underwrite that portion that remains under these bills, but here is the thing to bear in mind:

These communities right now have a difficult time attracting industry under our industrial development program simply because they do not have the sewage facilities.

Now, if we can provide the sewage lines and also the sewage treatment plants, through existing legislation, we feel we have gone a long way toward solving the problem.

Mr. CRAMER. You have legislation to do that.

Mr. WIDNER. Not to the sewage lines.

Mr. CRAMER. Oh, yes, through ARA. There is no question about it.

They testified to that effect, that they have projects presently in being, some seven projects, for exactly that purpose, sewage disposal plants and sewage disposal lines.

Governor LAWRENCE. That is quite true.

Mr. CRAMER. So that is your remedy——

Mr. CLARK. That is not the whole remedy, and you know it.

Mr. CRAMER. Well, you are talking about helping to attract industry, and any public work helping to attract industry can be financed through area development.

Mr. CLARK. Mr. Chairman?

Mr. CRAMER. And they have got $500 million, they testified to, that has not been obligated.

They have obligated $1 million of a $90 million program for public works facilities to help attract industry.

Now, if that is what you need, is ARA giving Pennsylvania any assistance?

I have here the list of the projects. What are they doing for Pennsylvania? There is not a project on it for Pennsylvania.

Mr. CLARK. Well, Mr. Chairman, may I correct——

Mr. CRAMER. There have been seven projects and not one in Pennsylvania.

Mr. CLARK. May I correct the record for the gentleman?

Mr. BLATNICK. Mr. Clark.

Mr. CLARK. I have one in my district that has been put through. So your record is not quite clear.

Mr. CRAMER. When was it approved?

Mr. CLARK. I want to correct the record on another matter, also, and that is that community facilities is not a grant, but is a loan——

Mr. CRAMER. It is both.

Mr. CLARK. Program. I have never known——

Mr. CRAMER. All right. Let's straighten this out.

Here is the official record given to me by Mr. Redmond Roach, liaison officer.

He was contacted yesterday, following the testimony of the director, Mr. Batt, and loans, under section 7, or authorized under ARA; grants, under section 8, or authorized under ARA. And here is what has been done, for the information of the gentleman from Pennsylvania.

This is from yesterday. This is the information they gave us yesterday. This is what Mr. Batt testified to when he was here, that there were seven projects totaling a little more than a million dollars.

Mr. CLARK. That is area redevelopment, Mr. Cramer.

Mr. CRAMER. Here is the list.

Mr. CLARK. That is area redevelopment and not community facilities.

Mr. HARVEY. Will the gentleman yield?

Mr. CRAMER. Here is the list. Less than a million dollars.

Gassville, Ark.: $31,000 loan and $129,000 grant, for a water system for a shirt manufacturer.

That is exactly what you are talking about.

Cambridge, Md.: $68,000 loan, $204,000 grant, for a sewage system to supply a new plant of Chunking Co., and to expand existing Western Publishing Co. facility.

Mountain City, Tenn.: $60,000 loan, $46,000 grant; water and sewer system, Lico Manufacturing Co.

Cedartown, Ga.: $260,000 loan; for water and sewer facilities and access road to plant of Inland Homes Corp.

Apalachicola, Fla.: $28,000 loan; for water and sewer facility for the Florida Seafood Canning Co. He did not know whether it was expansion of an existing plant or a new one.

Jefferson City, S.C.: $50,000 loan, $138,000 grant; for improvement and extension of a water system, to benefit several firms.

Pageland, S.C.: $41,000 loan, $111,000 grant; for water and sewer facilities for several companies.

And I would like to have that list made a part of the record at this point.

Mr. BLATNIK (presiding). Without objection, it is so ordered.

(The list referred to follows:)

Loans under sec. 7, grants under sec. 8

Location	Use	Loan	Grant
1. Gassville, Ark	Water system for a shirt manufacturer	$31,000	$129,000
2. Cambridge, Md	Sewage system to supply new plant of Chunking Co. and to expand existing Western Publishing Co. facility (875 jobs).	68,000	204,000
3. Mountain City, Tenn	Water and sewer system Lico Manufacturing Co. (300 jobs).	60,000	46,000
4. Cedartown, Ga	Water and sewer facilities and access road to plant of Inland Homes Corp. (100 jobs).	260,000	
5. Apalachicola, Fla	Water and sewer facility, Florida Seafood Canning Co.[1]	28,000	
6. Jefferson City, S.C	Improve and extend water system (several firms).	50,000	138,000
7. Pageland, S.C	Water and sewer facilities (several companies) (150 jobs).	41,000	111,000

[1] He didn't know whether it was expansion of existing plant or new one, nor number of jobs, but could dig out if needed.

Mr. HARVEY. Will the gentleman yield?

Mr. BALDWIN. I have a question, Mr. Chairman.

Mr. BLATNIK. Mr. Baldwin.

Mr. BALDWIN. Governor Lawrence——

Mr. CRAMER. Before you ask that, may I finish with my question? That is the point I was trying to get across.

Now, what has ARA done in Pennsylvania?

Mr. GEISEY. Mr. Cramer, I would like to make this point. I think Pennsylvania has more applications pending. Now, I understand that applications pending are not applications approved.

We have a number of projects which are in the process of approval. We have the closest possible relationship with ARA.

We would obviously like it to work faster. We would like it to have been enacted 4 or 5 years before it was.

The fact of the matter is, however, that this did not occur.

Now, as to the projects that you are talking about, as you know, the community facilities loans and grants under ARA are available only if there is a manufacturer or a user for this facility.

Now, these things that we are talking about are things that we want to do to prepare the community in order to do this.

There may not be——

Mr. CRAMER. The prospect is——

Mr. GEISEY. I beg your pardon, sir, but you cannot do it on "prospects."

Mr. BLATNIK. The "prospect" is not adequate. There must be a firm commitment on the type of industry and specifically for what it will be.

Mr. GEISEY. It is not a prospect matter. So they are not comparable.

Mr. BLATNIK. Mr. Baldwin.

Mr. BALDWIN. Governor Lawrence, the question I would like to ask is this: About a month ago the House of Representatives passed a welfare modification bill, recommended by the Secretary of Health, Education, and Welfare, which would authorize the aid to needy children program to be modified so that actual work assignments could be given to parents of the recipients.

Now, up to now it has been impossible, as you know. The Federal grants have been paid only in cash.

Now, you have mentioned a deep interest, in the State of Pennsylvania, in getting these people to work, and I would like to ask this question: If the Senate passes this bill in its present form, and the President signs it, so that work programs under the aid to needy children program will be available if the States desire to exercise their right to put them into effect, would you contemplate putting that program into effect?

Mr. GEISEY. I wonder if I might answer that?

In Pennsylvania we have already 100 percent State program. Our public assistance program is being benefited by county boards of public assistance. It is entirely State and Federal funds, but the jurisdiction is in county boards and various ones do use this program. However, an analysis of our public assistance recipients would show that the vast number would not be able to do this.

Now, under the ADC program those who would be now eligible, because the father is unemployed—it would seem that under that this could be used.

We now have the power, however, and we do now use it in about 25 of the 67 counties. This program is in existence in the State.

Mr. BALDWIN. Thank you.

Mr. SCHWENGEL. Mr. Chairman?

Mr. BLATNIK. Mr. Schwengel.

Mr. SCHWENGEL. Governor, I am glad to see you again. The last time I saw you you were launching a program initiated by you to strengthen the moral forces of your community, and I was impressed with the speech you made that day, and I had a delightful time.

It is nice to have you here to testify on this important legislation and to be identified with a problem that concerns all of us.

We want to do something about it. We, in the minority, feel that we have an obligation to point up the weaknesses and make consructive suggestions. This is our purpose and desire.

It is not our desire to hamper, in any way, the logical, sound solution of this very perplexing problem that is more a problem in your State because of the peculiar circumstances than it is in many States and, maybe, we can say in most States.

Governor LAWRENCE. Well, now, this project has particular appeal to me because I have long been in favor of some such program.

Back in 1925 I heard the late Al Smith make a speech in Chicago on this very type of program in which he very ably laid it before this meeting who, at the time, thought he was going to talk on the prohibition question, which was quite different and quite alive, but he startled the crowd by getting into the economics of the country.

And he stated then that a program just such as this is one that we ought to have ready for every community from the townships up, programs and so forth, even down to the plans and specifications, ready to reach up and take them off the shelf so that when the private sector of the economy sagged, that we could move in with the public programs immediately to meet the situation. So that I sort of feel that in this program this is an effort in that direction.

Of course, a great many of you gentlemen, from other areas, are from areas not so affected as we are. Pennsylvania is badly affected.

It is heart-rending to go into the coal regions of Pennsylvania and to see what has happened to what was once a great industry. It has just fallen apart.

Here is an industry where, a few years ago, they may have had 40,000 or 50,000 people working, and now it is down to 5,000 or 6,000.

And people, of course, they have got their investments in their homes there. They built their churches. They built their schools. They do not want to move away.

Of course, you say, "Well, if a place has given out, why do they not go somewhere else?"

We are trying to get industry to come into those areas, and we have been successful to a certain degree, and the people there have helped, because, in our PIDA program we take second mortgages for them at a 2-percent rate of interest.

And the local banking institutions contribute and they form local associations.

So that we feel that we have done everything, and are continuing to do it, but you have to do all of these things in the face of this situation or make up your minds in America that we are going to have 5 million people who perpetually are going to be kept by the public.

Now, which is the most expensive, to try to get the economy churned up and working so that we will not have to have big relief rolls and so forth and so on, or, resign ourselves to such a situation? I rebel against resigning myself to it if there is some way we can bring it about.

Mr. SCHWENGEL. I do not think any of us have the desire to——

Governor LAWRENCE. I know that.

Mr. SCHWENGEL (continuing). Sit by and let an intolerable situation prevail without trying to find some answers, but I am impressed, as you must have been, with Mr. Meany's testimony that this would only bring in 250,000 new jobs.

And, as Mr. Cramer just pointed out, this barely scratches the surface in your State if we implement the total program now.

And so I think it makes more sense, and I would like to know if you agree, for us to deal with other problems that can resolve this question.

I am speaking now in terms of amending the tax laws. I know you live, and are close to, the business community in your State, as Governor of your State, with a very vast business interest there. I am sure you have great concern——

Governor LAWRENCE. We are concerned.

Mr. SCHWENGEL (continuing). With some of the big businesses represented in your State who are opposed to this tax bill, and they are in favor of some kind of adequate depreciation allowance which would affect all business more favorably.

Do you not think this is an area that we ought to explore?

Governor LAWRENCE. I think we ought to explore every area that we can explore, and do everything that we can do to relieve the situation. We feel that this will help.

Mr. SCHWENGEL. Now, as a Governor, and having control of the fiscal purse strings of your State, and having a great influence on it, I think you recognize that any deficit spending would cause an inflationary trend.

This has been the history, has it not, of our country whenever we have had deficit spending, we have had more inflation.

And that is a pretty costly price to pay for programs like this.

Do you, as a Governor and public official, have any idea how this program can be financed if we launch out on it?

Governor LAWRENCE. Of course, Congressman, in Pennsylvania, for the first time since the close of the war, we have a balanced budget, of which we are very proud.

Mr. SCHWENGEL. That is a very wonderful example, and we could stand it around here, I think.

Go ahead.

Mr. CRAMER. If he can balance his, why does he not balance ours?

Governor LAWRENCE. We were able to do it because we have worked for years on it, but that is too long a subject for me to try to solve here for you today.

Mr. SCHWENGEL. Do you have any suggestions on how we can pay for this kind of a program?

Governor LAWRENCE. No, I do not.

My theory is that when you get people back to work, and if you improve the economy, through that, you get more taxes to pay the bill whereas, on the other side—so that you get people back to work, and they cease being tax absorbers and they become taxpayers.

Mr. SCHWENGEL. But you insisted on a balanced budget, and you got it.

Governor LAWRENCE. We stopped a bad policy there that existed for a good while, of legislators voting for appropriations and not providing the taxes to meet it.

Mr. SCHWENGEL. Now, that is a good example to set, and something we ought to do here, do you not think, Governor?

Governor LAWRENCE. I am not going to try to tell you how to run this job here. I have a tough job running Pennsylvania.

Mr. BLATNIK. Mr. Harvey.

Mr. SCHWENGEL. It would seem logical, though.

I thank you very much, and it is nice to see you again.

Mr. BLATNIK. Mr. Harvey.

Mr. HARVEY. Governor Lawrence, I had the honor of serving on the Committee on Banking and Currency last year when you testified, and let me say that over the years I have seen many advertisements in our newspapers, such as the Wall Street Journal and the New York Times, put in there by the Pennsylvania Industrial Authority, and I came away with the conclusion that up until the area redevelopment authority had been passed—the act had been passed last year—that Pennsylvania had not been bothered by pirating—I should not say that—by, let's say, getting industries from other States.

In other words, some of the jobs that you created in Pennsylvania up until that time were as a result of industries moving from other States. Is that correct?

Governor LAWRENCE. Of course, it was also an expansion of plants, of some, that were already there.

Mr. HARVEY. Well, as well as the expansion, I think the evidence from last year indicated that there had been plants that moved to Pennsylvania from other States.

Governor LAWRENCE. We brought in a great many industries, a great many in the needle trades, for instance, and that is what has us in a maladjustment situation in many areas, where we have a big, able-bodied coal miner, who is keeping house, where the housewife goes out and goes to work, because many of these industries employ a lot of women.

Mr. HARVEY. I say that because I have long been an admirer of the aggressiveness of the program which Pennsylvania has demonstrated in this regard, and you have, as I say, literally hauled yourselves up by your boots and created these jobs, although I might say this.

I was a little saddened because I think that one of them if I recall the evidence from last year, came from my district, one of the companies that went to your State of Pennsylvania.

Governor LAWRENCE. Well, we get it the other way also.

We just had General Electric withdraw from Scranton, Pa., and we did not like that.

Mr. HARVEY. Let me say this. You are to be commended for the aggressive program that your State has adopted, and that was clear last year, I think, in the manner that the gentleman testified and handled himself before the committee, in the manner in which Mr. Batt appeared in that committee.

Now, I was looking the other day over a list of Pennsylvania cities in depressed areas, and I was struck by the fact that these were all cities that had bond issues and public improvements in the last few years.

Let me ask you this: From your experience, have any of these cities encountered any difficulty in floating their bond issues or going ahead with your public improvements?

Mr. GIESEY. I think, if I may, Congressman, answer this: On the various cities I think that what has happened, as Mr. Widner will point out, is that they have not been able to do all of the things they should do.

There have been, first of all, constitutional limitations and they have just so much that they can afford to pay. So their programs are not covering the needs.

Mr. HARVEY. But on the programs that they have undertaken, I came away with the impression that they had done very well interest-rate-wise and insofar as the issuance of the bond issues.

Is that right?

Mr. GIESEY. I think you will find, because of Pennsylvania law, it is rather restrictive in our local communities as to what they can and cannot do.

Mr. WIDNER. For the record, we found that the market value for real estate in the entire State is about $34.3 billion, and the statewide average is about 43.2 percent of the market value or $14.5 billion. The debt service for the State is $121 billion or about 0.84 percent of the total assessed evaluation.

In some areas of the State the debt service is considerably greater on a percentage.

Fayette County has a debt service equal to 1.43 percent of its total assessed evaluation, while the assessed evaluation equals 46 percent of the market value of all of the real estate.

Mr. HARVEY. Did they have any bond issue?

I did not bring that with me, but I came away with the impression that the most depressed area in Pennsylvania had a recent bond issue which had never gotten a favorable interest rate, and the construction had gone on.

Mr. WIDNER. This may be.

Mr. HARVEY. Well, Mr. Chairman, I do not want to dwell on that any longer because of the limitation of time.

Mr. CRAMER. Will the gentleman yield?

Mr. HARVEY. Yes.

Mr. CRAMER. I have one matter I want to clarify.

In discussing what the employment impact might be on this $600 million program, I think I did not give a correct figure.

Mr. George Meany testified that the $600 million program, throughout the country, would mean an additional 90,000 on-site and off-site jobs for the total program.

That means through the 3-year period. And now, if you got 12½ percent for the State of Pennsylvania you would have about 10,000 additional jobs for the total 3-year period.

That would be 10,000 additional jobs for both on-site and off-site benefits.

Mr. GIESEY. Mr. Cramer, may I make one point? You did not turn the page.

Mr. CRAMER. That would be 10,000 out of 500,000 unemployed. That is why I said it was peanuts.

Mr. GIESEY. I do not think you turned the page. If you turn the page in Mr. Meany's testimony you will find that he says that the effect of these jobs on the community in buying power, as a multiplier, would mean 135,000 additional jobs.

Mr. CRAMER. All right. So you get 10,500. Is that not right, about 10,500?

Mr. GIESEY. That is about right.

Mr. CRAMER. I will accept that; 10,000 jobs over a 3-year period.

Mr. GIESEY. I would not agree with your figures for Pennsylvania because you must recognize that our State is one that has a heavy investment in steel-producing and cement-producing facilities.

Public works happen to use these things. I would think that perhaps very selfishly——

Mr. CRAMER. Well, Mr. Meany estimated that, too. He said the total, both direct and indirect, would be 225,000.

So 12½ percent of that would be about a total of 24,000 jobs over a 3-year period. Let's take the maximum, 24,000 over a 3-year period.

Mr. GIESEY. May I respectfully ask, what is wrong with that? That is 24,000 more jobs than we have.

Mr. CRAMER. Well, I——

Mr. BLATNIK. As a member of the committee, I will be glad to make a motion to triple your amount.

Mr. CRAMER. I would respectfully suggest, if the chairman wanted to do something to get the job done he would send a letter to the President of the United States and ask him to accelerate existing obligations in which there are billions being unspent, and that would do the job much better than the $25 million proposed this year.

Mr. BLATNIK. We will come to conclusions in our executive sessions. We are getting all of the evidence and the testimony from all sources possible, pertaining to this particular problem.

Governor, again we express our appreciation for your statement.

Governor LAWRENCE. Thank you, very much.

Mr. BLATNIK. And we appreciate your sincere and earnest concern with this particular problem on a national basis as well as for your own State.

Governor LAWRENCE. Thank you.

(The statement of Mr. Ralph R. Widner follows:)

STATEMENT BY RALPH R. WIDNER, ASSISTANT DIRECTOR, PENNSYLVANIA STATE PLANNING BOARD

Governor Lawrence has made very clear that Pensylvania is well aware of the role a soundly conceived public works program can play in putting men back to work and also in improving the assets for economic growth in counties suffering from chronic economic distress.

The State Planning Board of Pennsylvania, which is the long-range planning arm of the Governor's Office, is interested in both objectives.

In our distressed counties, however, it is impossible for the Commonwealth to build the urgently needed public facilities as quickly as they are needed which, in most cases, is right now. The task is too large and our financial resources are too limited to permit such a step. Unfortunately, each year of delay, no matter how necessary, further aggravates the problems of unemployment and further economic distress.

For this reason, the Federal assistance that would be made available under these two bills could help substantially in reducing the ranks of the chronically unemployed in Pennsylvania.

Federal assistance aside, however, Pensylvania has already moved into an accelerated public works program on its own. As chairman of the board of the general State authority Governor Lawrence has ordered that all State construction projects financed by that agency in counties with chronic unemployment be given the highest priority. He has also directed that the State Highway Department accelerate its program.

As a measure of our State commitments in this field the Governor has briefly outlined the dimensions of Pensylvania's last capital budget, which totaled over $241 million.

Of the 32 projects which Governor Lawrence mentioned as having design money allocated but for which no construction money will be available until the next capital budget in 1963, are 12 projects in our distressed counties. Construction costs for these projects total $14,148,000. These are tabulated in the table which I am submitting for the record.

These projects could benefit greatly from the proposed program outlined in H.R. 10317, since it would enable us to construct them at least 2 years ahead of schedule, put men to work now, and at the same time provide some of the badly needed public facilities necessary to put our distressed counties back on their feet.

Of course, these projects reflect only a small portion of Pennsylvania's total public works program. The Commonwealth has already committed much larger sums to the construction of other projects in distressed areas. These are the projects that the State will undertake with construction funds currently allocated. As an indication of the Governor's intent to expedite public works construction in distressed counties, I might point out that from December 1961 to March 15 the General State Authority placed under design 75 new capital projects in distressed areas, totaling $92,717,314 in construction costs.

It is expected that by November 1962 the General State Authority will have under construction in distressed areas $100 million worth of public works projects authorized by the 1961 legislature.

The General State Authority is only one agency carrying out the capital program of Pennsylvania. Our massive highway program is, of course, executed by our highway department with other funds. The Governor has pointed out that Pennsylvania has speeded up most of its highway improvement and construction program. Some of this has been made possible by the early availability of Federal allocations to the highway program through the Bureau of Public Roads. We have also accelerated those portions of the highway program which are entirely State financed.

There are 42,000 miles on the Pennsylvania State Highway System. Of this, about 35,000 miles are older roads. In most cases these roads are inadequate for present traffic needs. In many cases these highways are the keys to sound economic growth in our distressed areas, but they must be improved through the removal of hazardous bridges, the widening of existing pavements and shoulders and other improvements. If the Federal grants were made available under this bill, it would enable Pennsylvania to expand its bridge-replacement program and make much needed improvements on our feeder highway system, which is 100 percent State financed, far ahead of schedule. This money would be used for construction, resurfacing, and widening and hazard removal and would affect about $30 million worth of projects.

Another phase of our State public works program embraces the State park and recreation efforts which are being directed at improving the general environment of our communities so that they are more attractive to new economic investment. The Pennsylvania Department of Forests and Waters has many projects which have not been included in the capital budget and cannot be carried out at the present time because of the heavy strain on Pennsylvania's financial resources. It is quite clear, however, that if Federal grants were available up to 50 percent of the cost of this construction, the department of forests and waters could immediately implement a long-range improvement and construction program which could generate 217,000 man-days of employment and $3 million worth of construction. Indeed, a plan has been prepared for each labor surplus area for park development and improvement should Federal assistance become available, and we are ready to move immediately if this is done.

Quite frankly, Mr. Chairman, most of the impact of this program would be felt at the local level.

Perhaps the best example of local benefits is the construction of sewage treatment plants and other sewage facilities which this Federal assistance would make possible.

There are presently in Pennsylvania 73 sewage treatment plant projects requiring $45,339,212 for construction. An additional $31.5 million is required, however, to build sewage systems in these communities. As Mr. Blatnik knows, the valuable Federal grants available for sewage treatment plant construction do not apply to sewage systems. In most cases they have not the financial capacity to build these systems at the moment. Federal assistance would alleviate the financial strain and the vast majority of these communities would thereby be able to underwrite the remaining costs and get this urgent work done.

I am sure that this committee well realizes how important an adequate sewage system is to a community trying to attract new industry.

Equally important in the local industrial development picture are training facilities for equipping young talent with the know-how for employment on

modern industry. Governor Lawrence has already described the State's plan for area technical schools.

The plan for these schools indicates new buildings in:

Carbon County, 1 building;
Luzerne County, 2 buildings;
Fayette County, 1 building;
Lackawanna County, 1 building;
Schuylkill County, 1 building;
Allegheny County, 2 buildings;
York County, 1 building;
Armstrong County-Indiana County, 1 building.

Of all these, only York County is not classified as a distressed area. The estimated cost of an area technical school, including shop facilities and buildings, is $1.5 million. Obviously, it is impossible to select a uniform program for area technical schools, but it is possible to describe what one of these schools might look like hypothetically. It would include classroom capacity for 500 pupils, offering 10 courses, with 22 pupils per class. The following shops would be required along with the basic shop areas:

Automotive mechanics, 2,750 square feet.
Machine shop, 2,750 square feet;
Carpentry shop, 2,750 square feet;
Electrical construction, 2,200 square feet;
Distributive education, 1,650 square feet;
Cosmetology, 1,650 square feet;
Foods preparation, 1,650 square feet;
Electronic technology, 1,650 square feet;
Design technology, 1,650 square feet;
Chemical technology, 1,650 square feet.

In addition, the building would require such other facilities as a cafeteria, faculty room, administrative suite, lavatories, central storage, and custodial rooms. The building would probably require a total area of some 31,680 square feet.

Ironically, the most urgent need for schools of this nature is in those areas of the State which are least able to build them.

The market value of real estate for the entire State is $34,322,682,900, while the assessed value on a statewide average is 42.3 percent of the market value, or $14,504,983,351. The debt service for the State is $121,534,510 or 0.84 percent of total assessed evaluation annually.

In some areas of the State the debt service is considerably greater, on a percentage basis than that of the State as a whole. Fayette County has a debt service equal to 1.43 percent of its total assessed valuation, while assessed valuation equals 46 percent of the market value of all real estate.

County	Market value	Assessed value	Percent assessed of market value	Debt service	Percent
Carbon	$108,314,800	$45,690,135	42.2	$339,601	0.74
Fayette	300,936,500	138,449,380	46.0	1,982,701	1.38
Lackawanna	491,907,500	168,728,373	34.3	1,544,837	.91
Luzerne	695,851,200	243,886,160	35.0	2,656,089	1.08
Washington	558,492,100	165,097,310	29.6	3,337,075	2.02

These data clearly indicate that the financial ability of these areas has about reached its maximum capacity.

The present financial burden exists because of the fundamental need for extensive school construction to meet the minimum physical requirements necessary to provide for the regular educational programs. Consequently, as the Governor said, facilities for training our youth and for retraining our unemployed because of technical industrial changes are simply not available and the financial resources for developing such physical facilities are not available.

Available physical facilities for training these people would provide a reservoir of trained people and would serve to attract new industry, as well as induce the expansion of existing industry.

I could go on to catalog at some length, Mr. Chairman, the many public works projects which we would be enabled to indicate in 1962 if this assistance were available. The department of health estimates, for instance, that Pennsylvania currently has $10 million worth of water supply systems proposed for construction this year. In many cases, this construction will be deferred because the local community is incapable of raising the necessary funds to carry it out. This program would alleviate this problem substantially. There are in addition many small-scale flood control projects which could be executed, particularly dredging operations. For your information I have attached a list prepared by the department of public welfare which shows you some of the work necessary at many of our welfare institutions which cannot be carried out at the present time with State funds. If Federal assistance were available we could initate this important work at many of these institutions.

State capital construction projects, design money allocated, no construction money available

	Planning funds	Allocated construction costs
Muddy Creek Park, Butler County	$115,375	$1,659,625
Muncy, State correctional institution, powerplant	38,788	535,000
Bloomsburg State College, library	59,500	960,000
California State College, dining hall addition	34,619	777,500
Clarion State College, science building	49,228	679,000
East Stroudsburg State College:		
Women's dormitory	56,000	800,000
Fieldhouse	89,100	1,320,000
Edinboro State College, men's dormitory	56,000	800,000
Slippery Rock State College, electronics building	49,140	702,000
Coaldale State Hospital, renovate old main	82,908	1,275,500
University of Pittsburgh:		
Western Psychiatric Institute	165,000	2,640,000
School of Dentistry	200,000	2,000,000
Total	995,658	14,148,625

Potential of public works projects which can be started in 1962

Allentown State Hospital: Roadways, curbing, sidewalks, parking areas, street lighting, exterior painting, tuck pointing and waterproofing	$300,000
Clarks Summit State Hospital: Roofing and parapet walls, exterior painting and tuck pointing	100,000
Danville State Hospital: Exterior painting, roadways, tuck pointing, curbing, sidewalks	260,000
Dixmont State Hospital: Roadways, exterior painting	75,000
Eastern Pennsylvania Psychiatric Institute: Retaining wall	15,000
Embreeville State Hospital: Roadways, storm drainage, curbing, walks	200,000
Farview State Hospital: Water wells, tuck pointing, exterior painting and waterproofing, gutters, and spouting	300,000
Harrisburg State Hospital: Water system, exterior painting, tuck pointing, roadways, curbing, sidewalks	450,000
Hollidaysburg State Hospital: Landscaping, roadways, curbing, sidewalks, grounds lighting	285,000
Mayview State Hospital: Sanitary sewers, roadways, curbing, walkways, street lighting, exterior painting	535,000
Norristown State Hospital: Exterior painting, tuck pointing and waterproofing, hay storage barn, calf and maternity barn, garage	607,000
Philadelphia State Hospital: Roadways, street lighting	800,000
Retreat State Hospital: Roadways, curbing, walks, exterior painting, parking area	190,000
Somerset State Hospital: Roadways, street lighting	130,000
Torrance State Hospital: Roadways, sidewalks, tuck pointing, exterior painting	265,000
Warren State Hospital: Roadways, walks, tuck pointing, exterior painting	325,000

Potential of public works projects which can be started in 1962—Continued

Wernersville State Hospital: Roadways, curbing, walks, grounds lighting, entrance approach and bridge	$675,000
Woodville State Hospital: Storage building, propagation house, roadways, roof repairs	310,000
Hamburg State School & Hospital: Exterior masonry repairs, roadways, curbing, walks	500,000
Laurelton State School & Hospital: Cisterns for fire protection, water mains, water reservior	500,000
Pennhurst State School & Hospital: Roadways, curbing, walks milking system	230,000
Polk State School & Hospital: Water reservior, bull barn, parking, roadways, exterior painting, curbing, walks	350,000
Selinsgrove State School & Hospital: Curbing, walks, farrowing house, storage and salvage building, exterior building	205,000
Youth Development Center, Canonsburg: Renovate old boiler plant for storage, impounding dam improvement, exterior painting, point tucking	250,000
Blossburg State General Hospital: Parking, roadways, grading and landscaping	150,000
Coaldale State General Hospital: Tuck pointing, exterior painting, roadways, curbing	150,000
Hazleton State General Hospital: Roadways, tuck pointing, exterior painting	230,000
Locust Mountain State General Hospital: Exterior painting, tuck pointing, roadways	120,000
Nanticoke State General Hospital: Parking, exterior painting and curbing	70,000
Philipsburg State General Hospital: Grade and landscape entrance, parking, exterior painting and tuck pointing	160,000
Scranton State General Hospital: Exterior painting	50,000
Shamokin State General Hospital: Parking, curbing, walks, and roof repairs	100,000
Grading and landscaping at new institutions (Ebensburg State School & Hospital, Haverford State Hospital, Western State School & Hospital, Eastern State School & Hospital)	600,000
Total	9,789,000

Mr. BLATNIK. Will Mr. J. Willcox Brown come forward, please?

STATEMENT OF J. WILLCOX BROWN, NATURAL RESOURCES CONSULTANT, CONCORD, N.H.

Mr. BROWN. I am J. Willcox Brown, from the New Hampshire hills.

In the New Hampshire hills a hundred years ago they used to have a saying that people made their living, not on their income but on their lack of outgo, but that was back in the days of subsistence farming and things have changed quite a bit since then.

I am a freelance consultant in the natural resources field, and I just happened to be in the District on other business, and I am pleased to have an opportunity to support these bills wholeheartedly that are before the committee today.

Also I should say, in fairness to the gentlemen on my right, that I am an unpaid volunteer research director of the Democratic State of New Hampshire, engaged in a sustained effort, with many others, to restore the two-party system in New Hampshire.

I believe my friend, Perkins Bass, is aware of that, but I thought it would be only fair to tip off the rest of the party. I would just like to make two points.

As a former chairman and member of the Dunbarton Town Finance Committee, and being currently in my fifth year on the town board of Dunbarton, I would like to say this:

First, the standby bill would have an immediately favorable and beneficial effect in small towns and rural areas such as my hometown of about 600 people, living outside the capital. Dunbarton is a town. It has only 600 people.

But many are excellent workers, and they find it difficult to shift over to city-type jobs when the rural well of private enterprise employment runs dry. This bill could offer them employment on the town forest, which has 700 acres, on a needed school building, and a firehouse, which has a volunteer fire department. We all have to pitch in up there in the hills and work together.

Secondly, this bill would decisively increase the capital asset value of the rural public properties such as State, county, and town parks, State and town forests.

It represents the kind of long-range investment private businesses often make to increase the future productivity of privately owned forest lands in States like California and Florida as well as New Hampshire.

The bill makes a proper distinction between capital counting and current expense.

Finally, these bills are not self-sufficient to stabilize the American economy, but with a problem of this magnitude, of these recurrent recessions, why not have a full complement of counterrecession measures in our public arsenal?

Thank you, gentlemen.

Mr. BLATNIK. And we thank you, Mr. Brown, and our friend and colleague on the committee was hoping to introduce you, but he was unavoidably delayed.

Mr. Bass?

Mr. BASS. I regret very much I was not here when my good friend and constituent, Mr. Brown, started his statement.

I simply wanted to add my words in welcoming you here, Mr. Brown, and to tell the committee that we have the benefit of a very distinguished constituent of mine here.

Among other things, he is a recognized authority in the field of forestry and conservation.

Mr. Brown, I am delighted that you are here to give the committee the benefit of your advice and recommendations on this measure that we are considering, particularly as it may relate to our State of New Hampshire and your town of Dunbarton.

Mr. BLATNIK. May the Chair also state that the name of J. Willcox Brown is well known in almost all the conservation areas in the great midwest sections of Minnesota and Wisconsin.

We appreciate your statement.

Mr. BROWN. Thank you very much, sir.

Thank you very much, Mr. Bass.

Fortunately, I did not have time to prepare a formal statement, and so I could not even get enough notes down to fill the page. So I will not detain you any longer.

Mr. BLATNIK. Mr. Brown, you will have an opportunity to revise your remarks and we most anxious and happy to have remarks in the proceedings.

83015—62——21

Mr. Brown. Thank you, sir.

Mr. Blatnik. The next witness is Governor Swainson of Michigan, accompanied by our close friend and colleague, Congressman Jim O'Hara of Detroit.

Congressman, would you prefer to make an introductory statement?

STATEMENT OF HON. JAMES G. O'HARA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. O'Hara. Well, Mr. Blatnik, I do not think that Governor Swainson really needs an introduction to the members of this committee. We have among you, of course, our friend, Mr. Harvey, from Michigan.

I would just like to say a few words about the Governor and his own efforts in the field of economic development in our State.

I think that the principal characteristic of Governor Swainson's administration in Michigan has been the across-the-board effort he has made to promote economic development and reduce unemployment in the State of Michigan.

It has ranged through the fields of education, research and science, and technology, economic development, development of the tourist industry, a tax program, and a number of other measures which the Governor has proposed in carrying out an attempt to assist and cooperate with the Federal Government in the efforts that the Kennedy administration is making, Mr. Chairman, to promote economic growth in the United States.

Mr. Harvey. Mr. Chairman, may I just say this before Governor Swainson starts?

May I join with Congressman O'Hara in welcoming our Governor here today. I am certain that he is aware, of course, as you all are, that I belong to the opposite political party, but I am, nonetheless, honored that he is with us today and will state, for the benefit of all of us on the committee, that although we in the other party will very often differ with him, with regard to what is best for the State of Michigan and the country, I think it goes without saying that we all admire him personally very much, and we are delighted that he is concerned, as I know he is, as all of us are in Michigan, with this problem, and that he has taken the time from his busy schedule to come down here today.

And so with that, I would like to join in welcoming him here.

Mr. Blatnik. And may the Chair add to that, that Senator Hart wanted very much to be here, and had planned to be here this morning, but committee work has held him on the Senate side.

The Chair would like, for the information of the members of the committee, to express our appreciation to Senator Hart for the splendid cooperation we have received from him personally and from his staff, both as far as the legislation is concerned, and in conferences with administrative agencies and the administrative heads involved.

So Michigan has spearheaded this legislation and helped focus attention on it to the point where it is now being given most comprehensive attention and consideration during the presentations made during this week, and which will continue during the next week.

Governor, we are privileged to hear your testimony.

STATEMENT OF HON. JOHN SWAINSON, GOVERNOR OF THE STATE OF MICHIGAN; ACCOMPANIED BY LATTIE F. COOR, ADMINISTRATIVE ASSISTANT

Governor SWAINSON. Thank you very much, Mr. Chairman, and members of the committee, Jim Harvey and Jim O'Hara. It is a real pleasure for me to be here this morning.

And it is a privilege to be invited to appear before the House Committee on Public Works to express my views on the legislation you are considering to utilize public works programs as an economic stimulant.

Michigan, for the past 6 years, has been faced with the serious problems of continuous high unemployment. Since 1955, many factors have contributed to a persistent high rate of unemployment in Michigan in excess of the national average. Our orientation toward the manufacturing of durable goods, increased decentralization in the automobile industry, the shift of emphasis in defense procurement from wheeled vehicles to electronic devices and missiles—all these factors have operated to boost Michigan's unemployment, even though the national picture has shown improvement.

The recession of 1958 and the business turndown in 1960–61 markedly aggravated the already serious unemployment picture in Michigan. Currently, while national unemployment has declined from 6.9 to 5.6 percent, unemployment in Michigan, according to preliminary figures for February, is 9.2 percent of the total labor force.

We, in Michigan, recognize our unique responsibility in the tasks of diversifying our economy, encouraging industrial expansion, orienting to the changed concepts of defense procurement, encouraging research and development in the quest for new products and new markets. All of these and their related activities are the primary responsibility of a cooperative management, State and local government partnership. And we are trying to meet the challenge which this responsibility imposes.

But, as effective as our own efforts can be, there are still areas in which the Federal Government can make an effective contribution.

The measures which you have pending before you—H.R. 10318 and the $600 million capital program submitted to the Congress on March 26, 1962, by the President—have a legitimate place as tools that can help us do the job.

State efforts to stimulate the economy are of necessity limited in scope and dimension. State-developed programs, soundly conceived and administered, offer much promise over the long haul. But in States like Michigan the size and nature of the unemployment problem makes it extremely difficult to achieve the effects that the programs you are considering could obtain in the immediate future.

As the Governor of a State that has felt the impact of high levels of unemployment over an extended period of time, I know that efforts of significant proportion must be made if we are to get our people back to gainful employment and if despair and defeatism are not to rob us of the necessary vitality of our most important national resource, our people. The human erosion represented by the disuse of the talents and skills of our unemployed is taking a toll that cannot be measured in dollars and cents alone. But even on that scale alone its price tag is too high.

The request of the President for standby authority to trigger a needed public works program before an economic downturn becomes serious provides the kind of authority that should not be denied to the Federal Government if the expenditures to be made in this area are to be most effective.

The President's recommendation for an immediate $600 million capital improvements program appears to me to be designed to provide substantial assistance to States like Michigan which have not yet shared fully in the economic gains of the Nation.

Congressional enactment at this session of this program, directed as it is to projects that could be initiated without delay and which could be completed within a relatively short period of time, would help provide the States and their local units of government with much-needed public facilities, and the unemployed with new jobs and new hope.

We, in Michigan, are ready to translate such congressional action into jobs, payrolls, and public facilities which will meet long-felt needs. We are also ready to direct the available funds into those projects which will not only provide employment over the contract period, but which also will provide those kinds of facilities which will have a lasting effect.

The history of economic recessions indicates the need for quick, decisive action to stem the tide of an economic downturn and to soften the harsh blow of large-scale unemployment. The nature of the Michigan economy is such that a slight decline in the national economy causes a sharp drop in our durable goods industries, the backbone of our economy. While unemployment on the national scale increases arithmetically, ours in Michigan increases geometrically.

Two recent recessions offer revealing support of this notion. During the severe recession of 1958, the national average of unemployment was 6.8 percent, while unemployment in Michigan climbed to 13.6 percent, double that of the national average. During the business downturn in 1960–61, the national average of unemployment in March 1961 was 7.7 percent while the Michigan unemployment rate was 14.2 percent.

In these periods of severe economic hardship, we cannot wait for the laborious congressional and legislative machinery to grind out a solution to the problem. We need immediate action, rapid steps that will stem the tide before the recession adversely affects the minds and wills of the workers as well as depress the economy.

Granting the President stand by authority to spring public works projects into operation when the national economy lags by a specified rate, offers us the type of emergency mechanism that we need to turn back an economic recession when it begins, not after it has spawned severe hardships.

In your consideration of the Standby Capital Improvement Act, I would urge that serious attention be given to granting a flexible time limit to the duration of the projects. A limit of 12 months would prohibit the initiation of some public works projects that would meet essential public needs and would contribute significantly to the reduction of unemployment. This is particularly true in those months of the year when construction in a northern State such as Michigan is seriously impeded by the weather.

In addition to the provisions of the bill, I feel strongly that Congress should give adequate financial support ot the planning grant matching programs of the Federal Government that will encourage the States and local communities to build up a shelf of public facilities plans which could be used without delay as an antirecession aid.

It may be of help to your committee to know what kind of work we would do in Michigan under the President's $600 million capital improvements program and what long-range benefits would derive to Michigan.

From the large backlog of needed capital improvements, we have selected only those projects which meet the limitations of the $600 million proposal. Plans are ready for these projects or they can be completed in the time that will permit the completion of the project within the time limit of this proposal.

Special emphasis and attention have been given to those projects for which the public need is so urgent in the areas of health, education, recreation, youth, safety, and transportation.

In addition to the price tag which has been put on each project, we have translated these figures into the employment that would be provided. A summary of these figures and the categories represented is submitted for your information.

In order to give the committee a better idea of the substantial nature of the activity that would be encouraged by such a grant program, I would like to cite some of the major items and areas in which results could be seen without delay.

For the State of Michigan we could start work on $10.4 million of urgently needed new construction at our mental hospitals. Included in this category is $3.6 million for three children's psychiatric units which would provide separate and proper facilities for the effective treatment of 240 children.

For long overdue major maintenance and remodeling at existing state mental facilities, $2.6 million.

For additional classrooms, laboratories, offices, and other essential structures at State universities and colleges, $7.7 million.

For expansion and improvement of public park and recreational facilities including campgrounds, public fishing sites, forest fire protection, and fish and wildlife management, $46 million.

For projects designed to correct potentially dangerous fire hazards in State-owned buildings, $2.2 million.

For facilities at the Girls Training School and at the Boys Training School, $2.1 million.

To provide camp facilities for a comprehensive youth conservation program, $1.4 million.

For remodeling of outmoded facilities and to provide other rehabilitative improvements in the State's adult correctional program, $1.3 million.

For community hospital construction under the Hill-Burton program not now programed but which could be completed in the prescribed time, $11.8 million.

For about 1,000 classrooms in school districts of the State for which plans are so far advanced that the work could be completed within 12 months, $28 million.

For roadside parks, landscaping along highway right-of-way, intersectional traffic betterments, tourist information stations, refurbishing of guardrails, pavement marking, etc., and initial construction on the

Great Lakes Scenic Shoreline Highway System in the Upper Peninsula, $40 million.

For airport development at 63 airports, $16.5 million.

For 39 water pollution control projects by counties, municipalities and townships, $78 million.

For the city of Detroit and the five eligible southeastern Michigan counties, Wayne, Oakland, Macomb, Monroe and St. Clair, work could be started and completed in the time prescribed for such projects as:

City of Detroit: Streets, resurfacing, new pavement, traffic betterment, and bridge repair, $32 million. Fire fighting facilities, hospital improvement, House of Correction, lighting, parks and recreation, public transportation, zoo, police building, municipal parking, $106.2 million.

Wayne, Oakland, Macomb, Monroe, and St. Clair Counties: Flood control, park improvements, public buildings, et cetera, $251.8 million.

Huron-Clinton Metropolitan Authority: Stony Creek Park, Macomb County, park development: Bath house, beach, sewer and water, roads, parking, service yard and building, $1 million.

The projects indicated are, if anything, an understatement of the volume of activity that could be started without delay. All are in areas designated for aid under this program.

Many cities and townships—as well as the other counties—have plans for capital improvements for which information is not at present available in Lansing. Enactment of the bill now in the Michigan Legislature to create the office of local government representatives would help complete the current inventory needed to cover all of Michigan's hundreds of local governmental units. I hope that our own legislature will have a more complete recognition for this State function as a result of my testimony here today.

From the "hard facts" now available to use, we in Michigan are ready to embark upon a capital improvement program that would provide approximately 60,000 man-years of employment and would place $639 million in circulation to be reflected in increased economic activity in every one of Michigan's 53 area redevelopment or eligible labor surplus areas. What we need to trigger this program is the enactment and early administrative implementation of the legislation before you.

If Congress decides to enact this program—and I hope this information will help convince you of the urgent need for this kind of action—Michigan will be prepared to make full use of it. However, I do think that the legislation would have a much greater impact on such States as Michigan if the matching provisions of the program give recognition to the ability of the recipient unit to raise the required matching funds.

To this end I would commend to your attention the remarks made by Dr. Harvey Brazer, an economist now on leave from the University of Michigan and employed by the Department of the Treasury, in testimony before a Senate committee last year. In his remarks, Dr. Brazer underscored some difficulties which both the State and its local communities would encounter in attempting to raise their share of these grants. He noted that the borrowing power of many States is limited to minor sums and that local units are similarly restrained in the absence of special elections—which, of necessity, require a rather long time interval. Further, State and local governments enjoy no monetary powers and are passive participants in the capital market.

As a partial answer—and I think an effective one for Michigan and other States facing this same problem—he suggested that the proportion of costs to be met by the Federal Government vary directly with the proportion of the local labor force that is unemployed. He further suggested a scale that would vary the Federal contribution from as low as 10 percent to as high as 95 percent where unemployment exceeds 14 percent of the labor force.

If the matching scale developed by Congress in its consideration of this proposal can be related in some manner to the ability of the recipient unit to participate in this program—and I think such a scale should be related to unemployment in some manner—then we in Michigan are prepared to make effective use of such a capital improvement program.

As Governor of Michigan, I am a firm believer in self-help. And I know that the States must meet a growing responsibility in promotion of sound economic growth if the impact of economic downturns is to be cushioned, and if adjustments to changing industrial requirements are to be effective.

But I also believe the Federal Government has an important role to play. The proposals which you are considering, if enacted, would contribute to the Federal Government's ability to participate in an effective manner. It would broaden the base for cooperative action—Federal, State, and local—so essential if we are to remain strong, free, and dynamic.

Thank you, Mr. Chairman.

(An analysis of ARA capital improvement projects submitted with Governor Swainson's statement follows:)

Analysis of ARA capital improvement projects

	Type of work	Millions of dollars	Estimated man-years
State:			
Mental health	New constuction and major maintenance and remodeling.	$13.0	550
Schools and colleges	1,000 classrooms and laboratories, offices, and other essential structures.	35.7	1,500
Parks and recreation	Campgrounds, forest fire protection, fish and wildlife management, timber management.	46.0	8,500
Community hospitals	15 projects—new, additions, and remodeling—general, long-term care, and psychiatric units.	11.8	500
Adult corrections and youth conservation.	Youth camps, girls and boys training school units, remodeling and improvement at adult units.	4.8	300
Highways and airports	Traffic betterment, roadside parks, tourist information stations, landscaping, 63 airport development projects.	56.5	4,500
Water pollution control	39 county, municipal, and township projects.	78.0	6,500
Fire protection	Removal of fire hazards	2.2	100
State subtotal		248.0	22,450
Local governmental units:			
City of Detroit	Streets, public buildings, parks, zoo, etc.	138.2	12,000
Huron-Clinton Metropolitan Authority.	Stony Creek Park development	1.0	200
Wayne, Oakland, Macomb, Monroe, St. Clair Counties.	Flood control, sewage disposal, parks, marinas, etc.	251.8	25,350
Local subtotal		391.0	37,550
Total State and local units surveyed.		639.0	60,000

Mr. BLATNIK. Thank you very much for your impressive and earnest statement.

Are there any questions on my right?

Any questions on my left?

Mr. CRAMER. I have one question, Mr. Chairman.

Mr. BLATNIK. Mr. Cramer.

Mr. CRAMER. How many unemployed do you have in Michigan? You have indicated——

Governor SWAINSON. About 268,000 persons of our labor force, which is approximately 2½ million persons.

Mr. CRAMER. You have about half of what Pennsylvania has then.

Governor SWAINSON. Nine percent of our labor force. I believe the Governor of Pennsylvania testified that there were about 500,000.

Mr. CRAMER. Yes. Now, I was interested in your comment that this would be of substantial assistance to the State of Michigan, this $600 million.

If we take the same analysis made in Pennsylvania and translate it to Michigan it would be about half as much help as it was to Pennsylvania.

And in Pennsylvania it would employ a total of about 24,000 people over a 3-year period. So even if you take the 12½ percent and assume you have got the same amount that Pennsylvania got, even though you have half as much unemployment, the most it can mean to Michigan would be a total of 24,000 employees over a 3-year period, which would average, of course, this year about 24 million; over a 2-year period, about 12,000 people a year.

So this substantial nature of assistance would be, that you are discussing, less than 10 percent of your unemployment problem.

Now, if we translate that to doing something effectively in every State it would cost the Federal Government, if we are going to employ the 4½ million people, who are unemployed, through public works pump priming, if that is a sound approach, it would cost the taxpayers of this country, and it would have to be a program in each State if each State was to get a proportionate amount.

If each of the serious States got 12½ percent apiece, meaning eight States, and all of their unemployment was taken care of, in eight States alone, it would cost $24 billion.

That would be the size of the program at this rate.

And if we were to take care of all of the unemployment and all the States by pump-priming programs it would cost $48 billion per year, according to your figures.

Now, does not that pretty well illustrate that this public works pump priming, as such, is not the real answer to the problem, and for you to suggest, in your testimony, that this small pittance going to your State of Michigan would be help of a substantial nature just is not true, it it?

Governor SWAINSON. I disagree with you, Congressman.

I think that your own words show the inconsistency. We are talking about pump priming. We are not talking about opening a flood, but this pump priming will be very helpful.

It will give employment to persons who have families to support, and it will cause other persons to gain employment.

We recognize what is happening in Michigan.

Mr. CRAMER. I know. In my estimates, according to Mr. George Meany, the total effect of this $600 million program, over a 3-year period, is 135,000 additional jobs and the overall impact would be——

Governor SWAINSON. You see, in Michigan we are more fortunate than many of the States in the Union with our coastline and investment areas, and we invest money in this area and we increase employment in Michigan that way.

We find that a great number of persons are being employed in service industries, and we are getting away from the manufacturing employment at this time, and this would be very helpful to us, and I do not think we can equate it with a generality of how it would happen in other States.

But we know specifically it would be helpful in Michigan.

Mr. CRAMER. According to Meany's testimony, to take care of 225,000 unemployed you would need in excess of that.

It would take $600 million. Therefore, if the total of $600 million was spent in Michigan in 1 year, it would not do the job.

If it were spent all in Michigan it would not do the job, that is $600 million.

Governor SWAINSON. I do not expect it to do the entire job. I would refer to the one item of the testimony, known as the Stony Creek part, which happens to be in Congressman O'Hara's district, and it happens to be in the densely populated area, and I am sure that if we were able to have help in this particular area, where they assess themselves to support the Huron-Clinton Metropolitan Authority, that we would increase the net economic activity in that area.

We have lots of people that have more leisure time than they have ever had before and travel on roads, and I would also disagree with the Governor of Pennsylvania in that one instance.

We lead the Nation, in Michigan, in the construction of highways, but it is a pump-priming thing.

It is not a solution.

Mr. CRAMER. Yes, and I took the pump priming into consideration when I used the figures, according to Mr. Meany.

So I think the obvious answer is that public works pump priming is not, in itself, an answer nor, as you suggest, is it a substantial remedy.

Governor SWAINSON. Well, this is a matter of judgment, and I think we could be well served in Michigan by the enactment of this legislation.

Mr. BLATNIK. Any further questions?

Mr. BALDWIN. Mr. Chairman?

Mr. BLATNIK. Mr. Baldwin.

Mr. BALDWIN. Governor Swainson, would you be able to give us an estimate as to the number of additional people who have been put to work in Michigan during the last year as a result of the Area Redevelopment Act program?

Governor SWAINSON. I think, if you have the same records that Mr. Cramer has, we also, I think, had 7 or 8 projects, and we have not had one approved yet, but we are the first State in the Nation that had a project approved regarding the retraining that is provided for in the area redevelopment, and have some 531 persons in retraining programs, and 475 more provided for in programs presently pending.

We have not obtained approval of any one project as yet, and this is something that discourages me to some extent.

One that we were very hopeful of being benefited from this year is the Peak ski area. We also would like technical assistance for the Michigan College of Mining and Technology, because we have the entire Upper Peninsula of Michigan declared a depressed area, and we know we have low-grade ore remaining there which we must seek to do something about in order to make it economically feasible in order to bring this area back, if it is ever going to come back.

Mr. BALDWIN. Thank you.

Mr. CRAMER. Will you yield?

Mr. BALDWIN. Yes.

Mr. CRAMER. Do you not think that a more realistic approach to this problem would be for the administration to accelerate existing programs from which there are substantial funds?

This year you ought to get $25 million; next year $325 million, and the next year, $250 million.

Do you not think they should accelerate the existing programs in which there are unspent moneys in programs such as the urban renewal and community facilities alone where there is $500 million that can be loaned to the communities with 40-percent-payback-no-interest for any community program?

There is $89 million under the Area Redevelopment Act for direct grants or loans. There are numerous other programs where there are funds available in the hundreds of millions and billions.

Do you not think that would be a more effective way of getting something done and making it not a leaf-raking WPA program, but a sound program under existing legislation, where the Congress has considered it or given serious consideration to it and enacted legislation putting necessary restrictions on the use of the money for proper public works projects?

Governor SWAINSON. Well, certainly, as the Governor of Michigan, I am very familiar with the problems that arise, and the allotment of appropriations, and the ability of any particular area to absorb them at any one particular time.

I am sure that this is probably the thing that faces the President in this regard.

Mr. CRAMER. You have the same problem with this program. You have a more serious problem with this program, because you have got $600 million over a 3-year period, and you have got 900 depressed and area redevelopment areas, and if you equated each one you would have obviously some $750,000 total per area over 3 years, which is not the answer, is it?

That is not the answer?

Governor SWAINSON. I would suggest, as the chairman of the committee suggested at the time the Governor of Pennsylvania was testifying, that if he wanted to triple it this would be fine, too.

Mr. CRAMER. If you wanted an increase to $48 billion, to take care of all unemployment per year, 6 million, yes, but——

Governor SWAINSON. I do not think this is the answer.

Mr. CRAMER. You have problems in your State.

Governor SWAINSON. Yes, we do.

Mr. CRAMER. We have problems in Washington, too.

Governor SWAINSON. We are working with a very recalcitrant legislature and are hoping to bring them to the conclusion with the success that Governor Lawrence stated, to levy taxes to pay for the appropriations.

Mr. CRAMER. The Congress of the United States has the same problem, but where is the money coming from?

Governor SWAINSON. Well, we know that we are the third largest taxpayer to the United States in Michigan and, you know, so we can send more up here, we would like to have a few more people working.

Mr. CRAMER. Well, you will get no more than your proportionate share of this either, I will guarantee you.

Mr. BLATNIK. Mr. Harvey.

Mr. HARVEY. Governor, I do not have the advantage of Congressman O'Hara here with the million dollar Stony Creek Park included in your proposal, but let me say this, that it would not lessen my support for this legislation if I thought that it were, indeed, a worthy piece of legislation.

But when I heard that mentioned, why, I thought of the editorial that was in the Washington Post this morning, and let me say this.

This is, from my short time here in Washington, the newspaper that I thought would probably be the least critical of this sort of a program but, nevertheless, they dubbed it "A New WPA."

And one of the allegations they made in that regard, is this, and I will read this one sentence to you. They said:

> The political overtones of the proposal are plainly audible. A wide range of localities, far beyond the areas of greatest need, is made eligible because that is the way to bring on board the necessary number of legislators.

With the political experience and ability that you have demonstrated in Michigan, would you agree that this is certainly loaded with political overtones?

Governor SWAINSON. I have never quite agreed with an editorial in my life.

Mr. HARVEY. Well, that is quite a record.

Mr. CARMER. Even if it were laudatory?

Governor SWAINSON. I have never found one to be absolutely laudatory. They go both ways, as I am sure you recognize.

Mr. HARVEY. You will be the first one to admit, I am sure, knowing your candor, that a program such as this, like any other public works program, for that matter, is loaded with political overtones, is it not?

Governor SWAINSON. Well, Mr. Harvey, I am sure at our last meeting at the Kiwanis Club at the Bancroft Hotel in the 1962 campaign—anything we ever do as public officials, as you know——

Mr. HARVEY. It is so construed?

Governor SWAINSON. But I think that to the merit here is giving employment to people who desperately need employment and want to work, and have not had that opportunity because of conditions beyond their own personal and individual control.

Mr. HARVEY. Let me say this, that in the course of the last week that we have had testimony here on this particular subject, I think that we have not digressed but, let's say, the original intent of the hearings have changed somewhat in that we started out with a bill that was designed as a standby authority to the President, as a measure to avert a recession.

And now we find that we are, instead, in the position where we have taken testimony for the past four days here, for the most part, on a public works authority more or less for labor surplus areas.

That is what it has boiled down to.

Even President Eisenhower, in his term of office, in 1958 saw fit to accelerate the public works projects, and I do not think there is much question, of any of the members of the committee here, of the wisdom of the advanced planning of public works projects, let's say, nor the wisdom of using public works projects as a means in the peak of a recession, let's say or when you lead into it to avert it, if necessary, before the peak.

I was struck though by your testimony on page 2, Governor. That would be the third paragraph from the bottom, where you state that:

> In these periods of severe economic hardship, we cannot wait for the laborious congressional and legislative machinery to grind out a solution to the problem.

Actually, by past experience, have you found the actions of this Congress or Congresses in the past to be unresponsive, let me say, to a need such as this?

My thought is that Congress can be called into session upon 24 hours notice. Granted that we all admit that programs should be planned long in advance, do you not feel that the Congress could trigger this as well as the President?

Governor SWAINSON. I have only the experience, that I am sure you are well aware of, that came about with the passage by the Congress of the so-called ADCU legislation.

We had a special session in Michigan to accomplish that, which was called in in about a 12-hour period, and we are still waiting for action there.

I think that the authority to do this sometimes leaves much to be desired or the accomplishment of it.

When I say "severe economic hardship" here, we have 268 percent, otherwise employable, unemployed. It is severe for them.

Mr. HARVEY. And no one can quarrel with that statement, certainly.

But I take it, from your point, it would be no less satisfactory to the State of Michigan if Congress were to trigger a program such as this than it would be if the President were to trigger it.

Is that correct?

Governor SWAINSON. Well, having had the opportunity to serve both in the legislative branch of the government and the executive, I think it can be done much better by the executive rather than waiting on the legislative branch.

Mr. HARVEY. Well, I will not pursue that any further, Governor.

Mr. CRAMER. Will the gentleman yield?

Mr. HARVEY. Yes.

Mr. CRAMER. It is true that Congress acted very expeditiously in 1958 and made hundreds of millions available to the Government, 400 million in the highway program alone, as I recall it, and about 400 million in other public works areas, and it did it within a few weeks.

The only difference is that Congress had something to say about it.

Now, the President does not think Congress ought to have anything to say about expending those funds.

Do you not think that the legislative branch ought to be brought into this picture?

Governor SWAINSON. I think this is the reason for this hearing this morning.

Mr. CRAMER. I have not gotten your opinion yet, though. I have not gotten your opinion. You are a well-known chief executive.

I would like to know if you do not think that the legislative branch should be brought into this picture.

Governor SWAINSON. Well, I make recommendations each year to my legislature, asking for their cooperation and bringing them into the problems of the State that we are all faced with.

Mr. BLATNIK. Governor Swainson——

Mr. HARVEY. Can I go on? I have a few more questions, Mr. Chairman.

Mr. BLATNIK. I am sorry. Go ahead.

Mr. HARVEY. Governor, I just completed three hearings in my district just this same month, and the purpose of these hearings, and let's say, I used both the union movement and the chamber of commerce as a vehicle to get people to attend them, and they were attended by both, but the purpose was to consider primarily President Kennedy's new trade program as a means of increasing the export economy in Michigan and thereby creating jobs.

The main subject discussed at each of these hearings was the subject of creating jobs generally, and I can tell you that, from the statements that I received, not only in Greenville, in Owosso, and in Saginaw, the concern expressed by businessmen in Michigan, insofar as their ability to create jobs and compete with the European Common Market, was twofold. First of all, they said, "we are paying now the highest wage rates in the country" and, secondly, they said, "we are forced to obey a situation of depreciation on a system in equipment that we cannot possibly compete with European countries on."

And one of them gave me the illustration of Western Germany, where he said, "Look, they can write off machinery for 60 percent in the first year, and yet my machinery has a 40-year life."

And it struck me, because I do not mind telling you, as a Congressman last year coming down here, the first piece of legislation I introduced was a bill which I thought would create jobs, and when I say "create them" I mean I would permit the formation of capital so that jobs could be created on a permanent basis by changing our system of depreciation.

Now, I have been struck in the last week, as I sat here, that we have not dwelt on that at all. We have dwelt on this public works proposal here but, very frankly, the thing that bothers me is that we are not, by this proposal, creating jobs. We are making jobs for a temporary period of time.

We may be creating incidental jobs, it seems to me, and it seems to me further that if you put a man to work and pay him so much a month he spends that money elsewhere and you create that job.

But eventually unless we are to keep him on the roll we are not creating jobs.

When we create many, am I correct, the only way we create many under our system is permitting the formation of a system so as to

create them to give the money to increase and, in turn, create jobs?

Governor SWAINSON. Well, Congressman, I am sure that you are familiar with the message that I sent to the legislature on January 26 of this year that offered to exempt all machinery and equipment from the personal property tax in Michigan, which is still languishing in the committee which is controlled by members of your own party.

I think this would be a way to do what you described. I am also familiar with the section of the Internal Revenue Code, 167 and 168, enacted in 1954, providing for accelerated depreciation to do again just what you have said, and we are going to have hearings on May 2, 3, and 4 in Michigan.

And we have heard a great deal of complaints about holding such hearings, because it seems that the utility companies, which will be involved in these hearings——

Mr. HARVEY. Well, I do not mean to interrupt you, other than to say that I do not mean here to be critical of your taxes as they are in the State of Michigan, because not serving in the legislature, I am confining my remarks here to our taxes here imposed by the Federal Government, as such, and the accelerated depreciation and so forth I was talking about.

I was speaking of particularly bulletin (f) under our laws which would—which presently assigns the life of 40 years or so which is ridiculous and which is placing us in a difficult position to compete.

Now, this is what we are discussing over on the floor where we should be this afternoon, at this time, frankly, whether we are going to have the faster depreciation or a tax credit, but I have been struck by that in your testimony.

I wanted to let you know it because, frankly, while there is some merit to this public works program, it seems to me we are not creating jobs as such.

We are making work, yes.

Governor SWAINSON. Well, I think, basically, Congressman, when you say "create jobs" I would prefer to place in the hands of people the purchasing power to buy the goods that we are capable of producing which, in turn, create the jobs.

Mr. HARVEY. That creates the incidental jobs, but, in other words, a person going to work on a public works project is not going to work on a permanent job that is going to be one, as such.

Governor SWAINSON. No, but what I am trying to point out in my testimony, and I am sure you are very much aware of the physical attractions of our State, is that we will be needing jobs in the service industries and particularly in the tourist and recreational areas which will gain for our citizens income which they will, in turn, of course, be able to purchase goods with which will, in turn, help stimulate the production of those goods and, again, jobs.

Mr. HARVEY. Well, Governor, let me say this, that I know you are sincere in your views. Although we may differ, I am certain that what you say, you say sincerely.

Mr. Chairman, I have no further questions other than that.

Mr. BLATNIK. And, Governor, may I say, too, in this barrage of so-called political labels that the gentleman gave, you have taken a most active part in these hearings and shown a keen interest, and you have made a very active contribution.

That will be all. We thank you for your assistance, Governor, and Congressman O'Hara.

Governor SWAINSON. Thank you, Mr. Chairman, and members of the committee, and I, too, am very proud of all of our congressional delegation down here and certainly the politics are meaningless.

I am sure you are all familiar with the bill introduced by Congressman Bennett some time ago, which is very similar to this legislation.

Mr. BLATNIK. May the Chair make a comment at this point?

Speaking of editorials, we have an editorial from the Washington Evening Star of March 28, 1962.

Mr. HARVEY. I have no objection to it. I turned the other two that I mentioned over to the reporter that was here earlier.

Mr. BLATNIK. This will be put in the record.

(The editorial follows:)

[From the Washington Evening Star, Mar. 28, 1962]

FOR RELIEF WHERE NEEDED

On the conditions specified by President Kennedy, the administration's proposed $600 million capital improvements program could give a worthwhile short-term lift to communities where economic recovery has lagged and unemployment has remained distressingly high. The testing of its real effectiveness in this regard would depend, of course, on the care with which the localities and projects are chosen—with an obvious requirement that need and merit, rather than vote getting, should be the determining factors.

Mr. Kennedy has spelled out the standards in his letters to the House and Senate Public Works Committees. They are, first of all, that the funds would go only to those localities already designated as redevelopment areas or to those where substantial unemployment (more than 6 percent) has prevailed for at least a year. Redevelopment areas are those where exodus of industry or displacement of labor through technological changes or other factors suggests that a permanent shift in economic interests will be needed to restore prosperity This long-term help is being sought through the Area Redevelopment Act of last year, with the pending program designed to give interim relief.

As further safeguards in this program, the President specified that only projects that can be started soon and completed within 12 months will qualify, and that they must meet an essential public need and contribute significantly to reduction of unemployment. As examples, he mentioned water and sewer system improvements and modernization of hospitals, airfields, or other public facilities. Secretary of Labor Goldberg already has testified that there will be no leaf-raking projects and that at least 95 percent of the work will be done by workers in the employment of private contractors rather than on public payrolls. Allocation of the funds will be made by existing Government agencies.

With congressional and State elections coming up this fall, it is not surprising that administration critics already have pinned a "pork barrel" label on this program. And it could, of course, have some influence on the November voting, although there will be relatively little time remaining even if Congress authorizes the program and appropriates the funds promptly. At the same time, it is indisputable that the overall national recovery has bypassed many communities and has left untouched a large number of long-term unemployed. An investment of $600 million in their welfare, and in worthwhile public improvements, pending efforts at a permanent solution of this economic problem, seems justifiable.

Mr. HARVEY. If the chairman will excuse me now, I have a person waiting in the Capitol Restaurant.

Mr. BLATNIK. I will ask the witness, the Honorable Frank P. Celeste, mayor of Lakewood, Ohio, to come forward.

STATEMENT OF HON. FRANK P. CELESTE, MAYOR, LAKEWOOD, OHIO; ACCOMPANIED BY DONALD A. SLATER, EDITORIAL ASSOCIATE, AMERICAN MUNICIPAL ASSOCIATION, WASHINGTON, D.C.

Mr. BLATNIK. Mayor Celeste, we thank you for your patience in standing by all morning. We have been inadvertently delayed and some of the testimony ran longer than we had expected.

We appreciate that you stood by.

Mayor CELESTE. Thank you very much, Mr. Chairman.

Mr. Chairman, members of the committee, I am Frank P. Celeste, mayor of the city of Lakewood, Ohio. I appear before you today in behalf of the American Municipal Association, an organization representing over 13,500 municipal governments of all sizes, to express the position of our association on H.R. 10317, the Standby Capital Improvements Act of 1962 and offer some observations concerning H.R. 10113, the Public Works Coordination and Acceleration Act.

America's municipal governments, meeting last August at their annual American Municipal Congress, adopted the following statement concerning public works:

> The American Municipal Association has long supported a program of Federal financial assistance for local public works. The administration and the Congress are to be commended for their action in expanding the public facility loan program to provide an additional $450 million. Also, a limited program of loans and grants is provided by the Area Redevelopment Act for areas of greatest economic need. However, these amounts are not nearly enough to meet the large and growing need for community facilities.
>
> The association also believes that provision should be made for grants to give the program needed flexibility and to aid communities in greatest need.
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> The American Municipal Association actively supports Federal legislation to assist communities of all sizes, but particularly small communities, in their effort to provide adequate public facilities through an expansion of present community facilities programs through the provision of grant assistance.

Mr. Chairman, as is made clear in the above statement, the American Municipal Association does not have specific policy which covers the particular bills which you are considering. We are, however, clearly on record in support of Federal grants and loans to municipalities to assist in the construction of vitally needed public facilities. But we do, however, welcome the President's suggested amendment to H.R. 10318 to make available $600 million for public works in areas of substantial labor surplus and redevelopment areas.

We support this action because it will channel public works funds into areas where public facilities are needed. We would like to see, however, the institution of a permanent program of Federal assistance in the public works field which would spur and assist efforts by local governments across the Nation.

The need for additional community facilities has become critical in many areas. There now exists a tremendous backlog of unmet needs and our exploding population is creating new demands with the passing of every day. The U.S. Department of Commerce has estimated, for example, that our construction of water and sewer facilities in recent years has been only two-fifths of that necessary to bring us up to proper standards of health and service in a reasonable time.

Engineering News-Record reports that the total State and public works backlog as of February 1962 is $55 billion, and this includes only projects for which engineering studies have been completed or are underway. However, this figure does not include any of the essential public works which are needed but are not in the engineering phase because of a shortage of funds. Perhaps we should double the $55 billion to arrive at something nearer what is needed but stymied for lack of funds. This certainly is an area requiring an enormous amount of investment which, necessarily, will come from State and local governments in the main, but Federal encouragement and participation would produce a great stimulative effect.

This backlog does not exist because municipal governments have shirked their responsibility or ignored an obvious and pressing series of problems. The fact is that during World War II public works were, of necessity, postponed, and because of the delay, a backlog developed. Since the war, city governments have been buffeted by staggering shifts in population and demands for additional public services and facilities.

Municipalities have responded to these obligations with vigor and determination. Since the termination of the war, municipal indebtedness has quadrupled. Since 1946, local revenues have tripled, indicating that municipalities have faced the unsavory necessity of raising local taxes to meet local obligations.

It might be noted that State and local public indebtedness now stands at the alltime high figure of $72 billion, two-thirds of which is held by local government, and that, at the present time, local public expenditures exceed local revenues by approximately 10 percent in each year. This means that our municipal governments, in spite of all efforts to the contrary, are steadily going deeper into debt. If we are to provide the basic, needed, and, most assuredly, demanded public facilities at the local level, we must find a system which will balance income and outlay. Public works assistance by the Federal Government will provide a step in that direction.

In order to fully evaluate the efforts of local governments in all fields of their activity, it is important to bear in mind that municipalities are committed to primary reliance upon real property taxation for their income. To be sure, State and Federal grants have assisted, and continue to help us in meeting our responsibilities, but the amount and dimensions of these grants have not kept pace with the needs and demands locally. At a time when revenue is in increasing demand at the local level, the property tax provides a stabilized return to our communities. While our urban areas generate some 80 percent of the national wealth, they are prohibited from tapping it by tax base limits, by State debt limits, and by hard political realities.

Because of these facts, many local governments have reached the practical limits of the revenue-raising potential; yet, the needs and demands for increased municipal services and facilities persist and increase. We feel that Federal assistance is unavoidably necessary.

We favor the President's Standby Capital Improvements Act because it will authorize grants-in-aid in areas of maximum need. If

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we are to provide adequate local public facilities, then Federal aid is necessary. The provision of Federal aid as in this bill is welcome. We do feel, however, that Federal aid is necessary, independent of the fact of economic adversity. We believe this bill moves a step in the right direction.

Mr. Chairman, I would like to comment briefly on the proposals put forward in H.R. 10113. I feel that a coordinator of public works would make a valuable contribution to the public works effort across the country. The Federal Government should have available to all of its agencies the kind of detailed accurate data which this office could collect. With a complete, national picture at hand, Federal officials and the Congress could make a more reasonable decision on any new or existing program.

Mr. Chairman, our Nation's local governments face a great responsibility in the provision of essential facilities and services to our urban population. We meet that responsibility to the best of our ability and with all of our resources. When the balance of our vtal needs exceeds the totality of our means, we turn then, and only then, to the Federal Government. The needs are obvious and this proposal is justified. We urge your favorable consideration of this legislation.

Thank you, Mr. Chairman and members of the committee.

Mr. BLATNIK. And we thank you, Mayor Celeste, for your statement.

Are there any questions?

Mr. BALDWIN. I have one question, Mr. Chairman.

Mr. BLATNIK. Mr. Baldwin.

Mr. BALDWIN. Mayor Celeste, on page 3 you mention the public indebtedness of the State and local municipalities, that they have reached an alltime high of $72 billion, and you state in the same paragraph, "We must find a system which will balance income and outlay."

Now, it happens that the Federal Government has a total public indebtedness of about four times that sum of $72 billion.

Our debt limit now is $300 billion. The President has indicated that he will have to come to Congress around July 1 for an increase of about $8 billion more in the total debt limit.

Why do you feel it is so essential for you to obtain a system which will balance income and outlay but, apparently, you do not care whether the Federal Government goes into deficit spending?

Mayor CELESTE. Well, I think your point is well taken. I think, perhaps, the difference in the Federal and local changes has not been as great. I think the Federal change has been much of an increase, or, much more of an increase than the local area, No. 1.

No. 2, I think that it is important that everything be done to bring the system into a position where income and outlay is the same.

Mr. BALDWIN. Thank you.

Mayor CELESTE. I am glad you asked this question, because I would like to tell you what we did locally to try to raise the income, instead of decreasing spending.

And I would like to point out that some 7 years ago, when I took office, Lakewood was a town which had reached its point of mature growth some 25 years previous, and everyone said that nothing could be done about the town.

Well, we expanded. We went up; whereas a parcel of ground was producing $3,000 a year in tax income, today it is producing $90,000 in tax income.

Whereas a parcel was producing $7,000, it will produce, when the project is completed, some $257,000. So we tried to encourage the activity in this area.

And how did we do it? As a matter of fact, by the simple expedient of spending some $5,612, by hiring a coordinator which we called a director of modernization, who gathered together the statistics, who outlined the plans that could be put into use in certain areas, such as making the maximum use of this particular area, as a result of which this expenditure of $5,612 resulted in increasing building permits on an average of $2 million a year to $20 million last year.

So that in the last 5 years, in a town which had reached its point of mature growth some 25 years previously, 30 percent of the building permits, issued in the 55-year period, were issued in the last 5 years.

So that an incentive was provided, and I was reminded of this by some of the questions that were asked earlier when the Governors were testifying.

Mr. BALDWIN. Thank you.

Mr. CRAMER. May I ask a question?

Mr. BLATNIK. Mr. Cramer.

Mr. CRAMER. I am very interested in your statement, on page 3, concerning hard political realities as it relates to local governmental, municipal expenditures.

By that, I assume you mean the objections expressed by the voting of the people in the communities, themselves, as to how much should be spent.

Now, do they not have a right to make those decisions?

Mayor CELESTE. Mr. Cramer, I think you are absolutely right, and we have gone to the people. We have presented the programs to the people, but not only do we have the political realities, but we also have the debt limitations that sometimes——

Mr. CRAMER. No, I am talking about political realities now.

In other words, it is your position, as a municipal public official, that if the people in your municipality do not want a project and vote against it, that still the Federal Government should be able to force it down their throats with Federal funds?

Mayor CELESTE. No, no, I do not think that is the case at all.

Mr. CRAMER. That is the effect, is it not?

Mayor CELESTE. No, no, I think that the political reality that I mean is one which imposes a debt limitation and, too, perhaps you have opposing forces fighting for a position——

Mr. CRAMER. And you want the Federal Government to make the decision between the two?

Mayor CELESTE. No, not at all. I was coming to the real crux of the matter.

Whereas, we have projects which were turned down some three different times by vote of less than 45 percent, after the facts had been properly presented and after an incentive had been provided and thirdly, and more important, when the spirit had been generated

of an optimistic and creative approach to the problem, the people came through with a vote of 75 percent on the project.

However, there are areas where even after such a spirit is displayed, and even after the political reality is displayed, there are limitations of finances.

For instance, we now have a project—we voted in our State to build a sewer plant. We have the plans——

Mr. CRAMER. How? By revenue——

Mayor CELESTE. Exactly.

Mr. CRAMER. You want to take away the people's right to vote on that?

Mayor CELESTE. No, not at all. We went to the people. They voted on it.

Mr. CRAMER. If they turn it down you want to be able to come to the Federal Government, though?

Mayor CELESTE. Mr. Cramer, I would like to answer your question.

Mr. BLATNIK. Let the witness answer your question.

Mayor CELESTE. I think Mr. Cramer has a very good point, and I would like to answer, and I would like to point out that the people did vote on it.

But, because of certain legal limitations, because of the fact that we were serving more than our community, we were assuming the responsibility not only of our local community but two other communities, one of which was Cleveland, as a matter of fact, and we found that because of our debt situation we could not proceed with the project.

We had—in fact, we are in the process now of trying to get some money from the Federal Government.

Mr. CRAMER. Did you borrow from the community facilities? They have got $500 million——

Mayor CELESTE. If we could borrow it, we would borrow it ourselves, because we enjoy a double A rating.

I do not think it is a question of borrowing. I think it is a question of the ability to obtain the funds under any circumstances, and here is a project, the working drawings for which are ready and completed.

The project could be advertised tomorrow and the project could be——

Mr. CRAMER. Then your position is you think the Federal Government should come into the area with Federal grants for any local works project?

That is the import of your statement. Right?

There are not enough in grants?

Mayor CELESTE. Mr. Cramer, I do not think I would go that far. I think, first, they ought to be deserving projects. Second, I think they ought to be projects that could not otherwise be financed by the government.

I think they ought to be well thought out projects, to serve or make employment.

Mr. CRAMER. And the Federal Government is going to participate in those even though you have not reached your debt limit.

Right? Is that your position?

Mayor CELESTE. Well, no, I do not think I would want to go that far.

Mr. CRAMER. Well, then you would want to go to the position that only if you meet your debt limit the Federal Government should come in——

Mayor CELESTE. Well, I think those communities that do not have a borrowing ability, those communities that cannot get money otherwise, ought to be able to come to the Government.

After all, the Federal and State governments have preempted the best sources of income. In many areas there are communities which cannot support the kind of facilities that are required today on the basis solely that they are——

Mr. CRAMER. The Federal Government has not preempted real estate taxes.

Mayor CELESTE. I beg your pardon?

Mr. CRAMER. The Federal Government has not preempted real estate taxes, water taxes, and there are many municipal taxes that the Federal Government has not touched.

But your position then is that in those areas, where they have met the debt limit and do have a debt limit, the Federal Government should be available to provide the money in grant form?

Mayor CELESTE. No, I can't agree with that statement, Mr. Cramer.

Mr. Chairman and, I think, members of the committee, I believe that if locally the project needs can be met, if the finances are available at the local level—I do not think that grants ought to be made to communities.

Mr. CRAMER. Well, whether grants are available is a decision of the local people, and you want to take that away from them?

Mayor CELESTE. No, that is not true at all, Mr. Cramer. I do not agree with you.

In many cases in the present programs that you now provide, provide for matching funds, for instance.

In many of these cases the communities cannot obtain the matching funds for the programs that are now in existence.

Mr. CRAMER. Well, I think we are going around robin's barn, but it is quite obvious that people in a local community, by backing their public officials, No. 1, and their budgets, or, No. 2, if it is a revenue project, by voting in a proper election for the revenue program, a bond issue program, such as sewage disposal plants, and in the school systems or school districts with regard to the school bond issue programs and so forth, that those decisions are now made by the people on the local level, and the only result of your proposal, of the Federal Government making grants in those areas, would be the Federal Government to make those decisions rather than the local people.

Mayor CELESTE. Well, Mr. Cramer, Mr. Chairman, and members of the committee, as a matter of fact, the local governments always vote on these matters—I should not say "always," but 99 percent of the time.

Mr. CRAMER. There is nothing to vote on if the Federal Government grants 100 percent of the cost, is there?

Mayor CELESTE. Well, this is not proposed at all. I do not believe, Mr. Chairman, and Mr. Cramer, and members of the committee—I do not believe that this is proposed at all, is it?

Mr. CRAMER. Yes, in one section of the bill it is.

Mr. SCHERER. I have just one question.

Mr. BLATNIK. Mr. Scherer.

Mr. SCHERER. You mentioned in your statement that you are limited by the debt limits of the various States.

That is one of the limitations that prevents you from moving forward with these programs. Is that right?

Mayor CELESTE. This is, in many cases, true; yes, Mr. Scherer.

Mr. SCHERER. Of course, there is nothing to prevent a legislature, if it wants to, or a city council from raising the debt limit.

Mayor CELESTE. Oh, Mr. Scherer, most of the debt limitations in Ohio are statutory.

Mr. SCHERER. That is what I mean. The legislature can change that.

Mayor CELESTE. Oh, yes. By that time the disaster could have been here and gone, though.

I think we have heard this pretty well described earlier by two Governors. I am quite concerned about this problem.

As, for example, the other evening I was in one of the field towns in southern Ohio, not far from Cincinnati, as a matter of fact, and I met an engineer there who said that they were just planning a new addition to a steel mill, which was going to reduce the number of jobs from 1,550 to 175.

Now, I think we have to make plans in advance of this happening, because there are 1,400 people that are going to be out of work in a hurry.

Mr. SCHERER. Well, what efforts has your association made to get the Ohio Legislature to raise the debt limit?

Mayor CELESTE. Well, I think that, perhaps, the Ohio municipal league is one of the best in the country, and I think that they are constantly at work trying to accomplish this.

Mr. SCHERER. You have more difficulty with the Ohio Legislature than you have coming to Congress?

Mayor CELESTE. Mr. Scherer, I would not want to comment on that.

I think it is equally—municipalities are equally anxious with your desire to preserve the public funds.

Mr. SCHERER. I doubt that.

Mr. BLATNIK. There being no further questions, Mayor Celeste, we thank you very much.

This concludes our testimony for today.

The hearings are adjourned for today until 10 o'clock tomorrow morning.

(Whereupon, at 1:29 p.m., the hearing adjourned until 10 a.m., Friday, March 30, 1962.)

STANDBY CAPITAL IMPROVEMENTS ACT OF 1962

FRIDAY, MARCH 30, 1962

House of Representatives,
Committee on Public Works,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 1302, New House Office Building, Hon. Clifford Davis presiding.

Mr. Davis. The committee will be in order.

We are meeting for further consideration of H.R. 10113 and a companion bill, H.R. 10317.

I should like to explain that the House is not in session today and we have been pretty hard at it for some weeks; so you will not see too many members on the committee today, but we are building a record, and that is the important thing.

Mr. Dooley will introduce Mr. McGee in just a moment, but when I got Mr. McGee's statement it frightened me. I was afraid he was going to ask to read all of this, which would mean we would be meeting over the weekend and have to start again Monday, but Mr. Dooley made the explanation that much of this will be in the appendix which we, at the proper time, will admit to the record. It may be that Mr. McGee will want to summarize and then make his full statement a part of the record verbatim.

Perhaps you would like to summarize and hit the important or high spots?

Mr. Dooley, will you present Mr. McGee to the committee?

Mr. Dooley. Mr. Chairman, it gives me great pleasure to introduce to you this morning a neighbor of mine from New York. He comes to us this morning with the knowledge and experience of one associated with the investment banking field for more than 35 years. In the course of these years his responsibilities brought him into intimate contact with the complexities of municipal financing. In 1933–34 he was finance examiner for the Federal Emergency Administration on Public Works. Again in 1949–51 he left private business to be deputy comptroller of the State of New York, and is presently a partner of R. W. Pressprich & Co.

At this time it gives me great pleasure to present to the committee Mr. Cushman McGee.

Mr. Davis. Thank you, Mr. Dooley. That certainly qualifies him as an expert witness.

Mr. McGee, we are delighted to have you take the time out to come down to this committee to testify, and we recognize you now.

STATEMENT OF CUSHMAN McGEE, CHAIRMAN, MUNICIPAL SECURITIES COMMITTEE, INVESTMENT BANKERS ASSOCIATION OF AMERICA; ACCOMPANIED BY GORDON L. CALVERT, INVESTMENT BANKERS ASSOCIATION, DISTRICT OF COLUMBIA

Mr. McGee. Mr. Chairman and members of the committee, it is an honor to be accorded the privilege of appearing before the committee, and I am grateful for the opportunity. I do so as the official representative of the Investment Bankers Association of America, of whose Municipal Securities Committee I am chairman.

As Congressman Dooley has said in his generous introduction, I am a resident of the State of New York and I have been an officer of the State at a time in the past, with considerable experience in connection with the flotation of municipal securities from the viewpoint of an investment banker, as well as a public official in the two terms in which I have appeared on public payrolls.

This morning I am accompanied by Mr. Gordan L. Calvert, who is assistant general counsel and municipal director of the Investment Bankers Association of America.

Taking advantage of the privilege you have accorded me, Mr. Chairman, I should like to summarize my statement somewhat extemporaneously, with permission, if I may, to review the record, and I do ask that my statement in full be accorded inclusion in the record, together with its two appendixes.

Mr. Davis. Without objection, that is ordered at this point. It will appear in the record in full as you have presented it, as though read.

Mr. McGee. May I briefly identify the Investment Bankers Association of America?

It consists of a voluntary and unincorporated association of which there are some 800 members located throughout the United States and Canada. These are investment banking firms that are engaged in all aspects of underwriting of securities.

Many of the members deal largely, and in some cases exclusively, in the flotation of State and municipal securities. Buying these securities outright for cash and taking the risk of market fluctuations they provide a very definite service in the purchases of these securities from public bodies and in the distribution of them to investors of all types. The association has had occasion during the last 5 years to collect a considerable amount of data regarding the issuance and sale of public securities. I believe the association has more and better statistics on this subject than any other organization in the United States. As a matter of fact, several Federal agencies have had occasion to utilize the data provided by the association from time to time, and the association's publications have been cited by such organizations as the Federal Reserve Board and other agencies.

My statement formally includes a description of the principal points of H.R. 10317 and an earlier bill, H.R. 10113. Of course, for you gentlemen I do not need to summarize those provisions.

I should like to make as my first principal point the thesis that States and local governments are able to secure public facilities through bond sales in very large amounts. As a matter of fact, they have

been doing so in record volume. It is advisable to consider this particular subject as essential background for the consideration of major bills that are before you gentlemen.

The sale of new issues of municipal bonds to provide long-term financing for the construction of public facilities has steadily increased over the past 10 years and reached a record high in 1961. The record for the years 1952 to 1961 is set forth in the small table at the bottom of page 2.

The word "steadily" is used in the sense that there has been a very definite trend upward from the 1952 level, where the total volume was $4.4 billion to a total of $8.3 billion last year, in 1961. There have been fluctuations in the total volume trend, but the trend is really a very strong one, and it shows a very great ability that the States and municipalities have had in raising money from the private market, as distinguished from a Federal agency.

These totals do show fluctuations that are significant, as I will explain later.

The appendixes which are attached to my statement include as the first one, identified as A, a list of the total amount of new issues of State and municipal bonds sold in each State in 1961. The appendix is identified as a preliminary tabulation, and as not yet complete. The total of $8.3 billion is so substantial that it is properly indicative of the immense volume of securities sold during that year.

While I say it is not complete, there are probably very few issues that have not yet been tabulated and included in the total.

Attached as appendix B to this statement is a list of 3,629 new issues of State or municipal bonds sold during the first 6 months of 1961. That is only 6 months rather than the entire year. Appendix B numbers some 70 pages and, frankly, that has been included in order to show you gentlemen how our States and municipalities have been able to go forward in providing public works construction during the first 6 months of 1961 in each of your districts. The names of the issuers of each of these securities are set forth under the titles of each State, and the amounts of the securities, and, where we have a record of the interest cost at which those securities were issued, that is also included in the record.

Were we to have provided the entire year, I venture to say that the appendix would have numbered some 140 pages. Frankly, we are not yet in a position to give you the details on the last month of the year, and that is one reason why perhaps we were not burdening you with the additional volume of documentation. However, the first 6 months of 1961 is a fair representation of the wide scope of this particular volume.

The trend in the issuance of bonds continued this year, and in the first 2 months of 1962 the volume was a record $1.9 billion.

For many years advocates of various programs of Federal financial assistance to States and municipalities have alleged that local governments were not longer able to finance needed facilities because of inadequate revenues, or statutory, or constitutional debt restrictions; but the record clearly demonstrates that States and local governments can and are continuing to finance increasing programs of construction of public facilities.

The claim is made also from time to time that small municipalities are unable to finance needed public facilities because they must pay prohibitively high interest rates on their bonds, and are forced to pay higher interest rates than larger municipalities.

A year ago the association had occasion to compile data regarding sales that were made by communities of 10,000 population or less in order to determine whether there was any basis for this allegation. I have, and I would like to present for the record, if I may, sir, a tabulation made at that time which we believe is a fair and accurate sampling, and it displays the interest rates at which municipalities of that smaller population were able to sell securities at that time. I think that the fact that we chose only a particular 3 months presents no distortion as to the interest rates.

The information was compiled rather rapidly in connection with a bill then pending before the Congress. So in fact the record disproves the claims that prohibitive interest rates are charged to smaller municipalities, or that they are unable to obtain an accommodation in the private market.

A second major point, gentlemen, that I would like to make, is that financing through bond sales and construction by local governments operate automatically on a contracyclical basis. In other words, when we enter into a period of recession there is an expansion or augmentation of borrowing in the private market by States and municipalities. This is the very thing that the bill before us seeks to achieve, but I think that the situation which prevails by reason of the operation of the open market is much more effective and much more responsive and rapid than any program such as is envisaged by H.R. 10317. The reason why I say so is I can say from experience in the past, from my experience with the Federal emergency public works, and my observations with other loan and grant programs, that there is a tendency naturally for a State or for a municipality, when it sees the possibility of Federal aid through a grant program, or a loan program, at inordinately low rates, to sit on its hands and wait until that program becomes operative.

In other words, instead of speeding up and inspiring rapid action on the part of States and municipalities, the loan program actually acts as a deterrent. Not only is there a deterrent in waiting to determine what terms and conditions are for which these loans and grants will be given, but there is also a considerable loss of time in processing applications through any agency setup, no matter how efficient that agency is. Any Federal agency ordinarily operates through district offices, as well as its Washington headquarters. That is true of the existing Federal agencies of which I know that are likely to administer such a program, and I am speaking particularly of the Community Facilities Administration of the Housing and Home Finance Agency.

Regardless of how zealous they are of speeding public works, if they are going to do a competent job they have to send out forms and applications, and ask for a considerable amount of data to be filed in connection with each and every application. After the completion of the application of the State or municipality, they will examine that and they have to examine it at the local office, and then forward it to Washington for their recommendations. Ordi-

narily, in Washington they reexamine the application, or at least consider the report made by the district office. That processing in the several States and the different stages, takes a considerable period of time. It is more than a matter of weeks and it can run into months.

The result is that under Federal financial assistance programs you lose much more time, which is the very thing you want to avoid. What you want to achieve is getting this into operation at the earliest possible time.

This contracyclical situation, which is produced by the market itself through its natural operation, is much more rapid and efficacious than a Federal loan and grant program.

Under a flexible monetary policy, interest rates generally have declined during periods of economic recession, and many municipalities have taken advantage of the lower interest rates to finance the postponed projects. Consequently, there was a sharp rise in municipal bond sales during the 1953–54 recession, the 1958 recession, and the 1960–61 recession.

This contracyclical reaction in local government financing was noted recently in the March 1962 Monthly Review of the Federal Reserve Bank of New York, as follows:

> As in past recessions and recoveries, State and local governments stepped up their borrowing in the 1960–61 recession and increased their outlays on construction.
>
> Thus, the increase in construction outlays in this recession represented a reversal of a downward movement, rather than just an acceleration of the previous absolute rate of growth as in 1954 and 1958.

That quotation is from page 39 of the publication.

Since this contracyclical action occurs automatically, it would appear both unnecessary and undesirable to authorize increased Federal financial assistance at such times, because increased Federal assistance would probably simply substitute Federal financing for financing obtainable from other sources. This result was recognized in the staff report from the Bureau of the Budget in January 1961 on "Federal Fiscal Behavior During the Recession of 1957–58," which remarks:

> However, in a short recession in which monetary conditions ease and credit is available Federal lending tends to replace rather than supplement private lending.

Federal revenues undoubtedly would automatically decrease in a recession period, and the decrease would be accentuated if tax reductions were put in effect, while Federal expenditures would be increasing under previously authorized programs. Thus, it would appear highly undesirable at such a time to increase Federal financial commitments further. Federal financial assistance to States and municipalities at such times would simply replace rather than supplement financing from other sources.

In this connection, it is appropriate to observe how one of the major present Federal lending programs operates to substitute Federal financing for financing which is readily available from other sources. The community facilities loan program (42 U.S. Code 1491–1493) authorizes long-term Federal loans to municipalities for community facilities at an interest rate determined under a formula in the law (presently 3⅝ percent, except in redevelopment areas, where it is

3⅜ percent) "unless the financial assistance applied for is not otherwise available on reasonable terms." The determination of what constitutes "reasonable terms" is made administratively and was established in September 1961 at 3⅞ percent for 30-year maturity bonds, reduced one-eighth of 1 percent for each full 5 years shorter maturity, but not less than 3⅝ percent one-fourth of 1 percent lower in redevelopment areas). This administratively determined "reasonable" rate is too low in relation to current market interest rates. In effect, it declared unreasonable:

(*a*) The yield at that time on U.S. bonds of comparable maturity.

(*b*) For new issues of municipal bonds sold in the open market during the 6-month period January–June 1961:

14.3 percent by value and 25.2 percent by number of issues maturing 1 to 20 years;

37.8 percent by value and 42.1 percent by number of issues maturing 21 to 25 years;

31.7 percent by value and 48 percent by number of issues maturing 26 years and over.

Mr. DOOLEY. I wonder if the witness would mind being questioned, if I interrupt your testimony?

Mr. MCGEE. I would be glad to have you do so, sir.

Mr. DOOLEY. In previous testimony regarding other programs it was pointed out by some witnesses that a number of communities have reached their bonded debt limit. Do you have any statistics to show how many communities throughout the country may be in that category?

Mr. MCGEE. Congressman Dooley, may I remark that Federal loans apply against the debt limit just as well as loans that are sold on the open market, so that the existence of a constitutional debt limit is definitely a barrier to any type of loan, regardless of what it is.

May I also say that debt limits are much more flexible generally than is usually realized, and where they are not, there has been developed over the last 20 to 30 years the authorization of revenue bonds which can be issued outside of a debt limit.

To give an example, for instance, in Indiana, where there is a very restrictive constitutional debt limit, and it is very difficult for a school district to issue bonds payable from ad valorem taxes, they have developed a device known as a school corporation. The school corporation issues its obligations in the tax-exempt bond markets to dealers who sell them in a ready market at good interest rates. By that means they are able to provide the essential school facilities. That is an example in only one State.

I frankly think the constitutional debt limitation proposition has been raised pretty much as a bugaboo for the last 10 or 15 years when it actually is not as operative and restrictive as might appear on the face of it.

Mr. DOOLEY. Thank you very much, Mr. MCGEE.

Mr. MCGEE. May I quote just one example, on the CFA policy, and how it operates? I am going to refer to Charleston, W. Va., which offered for sale $4 million of sewer revenue bonds on July 31, 1961. Seven bids were submitted by investment bankers, the best bid providing a net interest cost of 3.9453 percent, or less than 3.95 percent.

However, a representative of the CFA, present at the opening of bids, let it be known that his agency might provide the financing at a lower rate of interest.

When the bonds were readvertised for bids on November 20, 1961, pursuant to a CFA commitment to buy any of the issue that was not purchased by other buyers at a net interest cost of 3⅝ percent or lower (the so-called reasonable rate applicable in a redevelopment area), investment bankers purchased nearly $485,000 of the early maturities and the CFA proceeded to buy the balance of about $3.5 million. In other words, they bought the bulk of the issue.

The important point here is that the entire $4 million loan could have been provided without Federal assistance at an interest rate which was in line with the prevailing market rates at the time.

I will not go into detail on the prevailing market rates unless you wish me to. The statement sets it forth. The rate bid by investment brokers on July 31 was in line with rates paid by the city on two previous occasions when it offered and sold its sewer revenue bonds at a price that was quite close to Moody's Index on Baa quality bonds. This is a standard index provided by an impartial investment service. The bid in July 1961, of 3.94 percent, was consistent with the Moody Index at that time. Furthermore, the financial adviser to the city was prepared to recommend that it accept the bid submitted by bankers until the city was informed the CFA might provide financing at a lower rate.

Such substitution of Federal financing for that which is available from other sources at reasonable rates is contrary to our system of government and is contrary to the express provision of the law that no Federal loan shall be made under the program unless financing is not available from other sources on reasonable terms.

Consequently, it is important when considering any similar program of Federal assistance to avoid such unnecessary substitution of Federal financing, particularly at a time when we are confronted with problems of balancing the budget and meeting an adverse balance of international payments.

We had the latter situation with us as a very crucial practical problem in 1961, according to data released by the Treasury Department recently. The adverse international balance of payments was some $2.5 billion. Agreed, it was less than that in a preceding year, when it approximated $3.8 billion, but the official sources, and I am now talking about the Treasury Department, and the Federal Reserve Board, and other agencies concerned with this problem, are quite alarmed by it, and rightfully so. It represents a very definite hazard to the preservation of the integrity of the dollar, and I think it is imperative that we have a budgetary balance in order to prevent a loss of confidence abroad, as well as domestically.

It is extremely important not to retrace that adverse balance of international payments, so that there may not be an outflow of gold and a loss of U.S. prestige abroad.

I shall not give you the details of my point No. 3. They are presented adequately in the statement. Basically they point out that existing Federal financial assistance programs provide funds to accelerate capital expenditure programs of the Federal Government and local governments.

You know better than I do, gentlemen, the authorizations that do exist and which are available. I have identified a number of them in my statement, setting forth first the grant programs that now exist and which are authorized and can operate, and, secondly, the Federal loan programs.

In these programs the Federal Government already has authorization for fiscal 1963 alone to make grants aggregating close to $6 billion for assistance to States, local governments, and educational institutions for public facilities; and authorization to make loans aggregating over $1 billion in fiscal 1963 to municipalities and educational institutions for various forms of public facilities.

Furthermore, as you know, the proposed College Academic Facilities Act, as it passed the House and Senate, and which is now awaiting reference to a conference committee, would authorize Federal grants of additional large amounts.

These substantial authorizations for Federal grants and loans provide adequate funds for the Federal Government to accelerate capital outlays by States, municipalities, and educational institutions at any time, if such action should be deemed necessary and desirable. Accordingly, it is unnecessary and undesirable to adopt the additional program proposed in the bills under consideration.

May I say also that the most effective stimulus in a recession would be a reduction in Federal personal income taxes. In the event of a recession, certain so-called built-in stabilizers, principally the automatic decrease in income tax revenues and the automatic increase in unemployment benefits, operate without action by either the executive or legislative branch of the Government. However, if an additional stimulus to the economy is needed, we believe that the most immediate and most effective device would be a reduction in individual Federal income taxes which would operate immediately to increase spendable income. This device would have the great advantage of operating to invigorate the private segment of the economy, which would need the greatest stimulus.

In this connection it should be noted that the staff report by the Bureau of the Budget, which I have mentioned previously, regarding Federal fiscal behavior during the recession of 1957–58, rated the major contracyclical policies that operated automatically in the 1957–58 recession. It stated that the so-called built-in stabilizers had the greatest relative economic impact and, indeed, that they had the additional advantage of good reversibility when the recovery period began.

Thus, gentlemen, I would like to conclude my statement by identifying the four major points which I have endeavored to present before you.

First, State and local government financing of public facilities through bond sales in the open market continues at record levels.

Second, financing through bond sales and construction by local governments operate automatically on a contracyclical basis, increasing in recession periods.

Third, existing Federal financial assistance programs already provide substantial funds to accelerate capital expenditure programs of the Federal Government and local governments.

Fourth, the most effective stimulus in a recession would be a reduction in Federal personal income taxes.

Thus I conclude my statement and I shall be happy to answer any questions you may have, and let me reiterate, I appreciate the kindness you have shown me and the permission you have given me to address you.

Thank you.

(The prepared statement of Mr. McGee is as follows:)

STATEMENT BY CUSHMAN MCGEE, CHAIRMAN, MUNICIPAL SECURITIES COMMITTEE, INVESTMENT BANKERS ASSOCIATION OF AMERICA

INTRODUCTORY COMMENTS

The Investment Bankers Association of America is a voluntary unincorporated trade association of investment banking firms and securities dealers who underwrite and deal in all types of securities. The association has over 800 member firms engaged in the securities business in the United States and Canada, including about 100 commercial banks. Our members have, in addition to their main offices, about 2,100 registered branch offices. The underwriting and distribution of State and municipal bonds in the United States are done by firms which, with a few exceptions, are members of our association. We believe that the information in this statement and its appendixes will be helpful to the committee in determining whether the proposed legislation is necessary or desirable.

SUMMARY OF H.R. 10317 AND H.R. 10113

H.R. 10317 is designed to provide standby authority for the President to accelerate capital expenditure programs of the Federal Government and State and local public bodies. It would include a finding by Congress that virtually every community in the Nation has a backlog of needed capital improvement projects, and that an acceleration of these projects during intervals of unemployment would increase employment and expenditures at a time when such action is most urgently required. The President would be authorized to proclaim a capital improvment acceleration period:

(1) Within 60 days after the date when data compiled by the Department of Labor reveal that the national unemployment rate adjusted for seasonal variations and stated to the nearest one-tenth of 1 percent of the civilian labor force, (i) has risen in 3 of the 4, or in 4 of the 6, most recent consecutive months for which such data are available, and (ii) has risen by not less than 1 percentage point measured from the month immediately preceding such 4 or 6-month period to the last month of the period; and

(2) After the President has determined that existing employment and unemployment indicators and other available economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives of the Employment Act of 1946.

During the existence of a capital improvement acceleration period, the President would be authorized, among other things (through executive agencies) to:

(*a*) Direct Federal expenditures aggregating $750 million to accelerate Federal capital improvement projects or to initiate new projects already authorized by law.

(*b*) Direct Federal grants aggregating $750 million to States and municipalities to finance the initiation or acceleration of capital improvement projects for which Federal grants are authorized by the Congress or which are not eligible for grants under other acts of Congress; provided that the amount of any grant shall not exceed 50 percent of the cost of undertaking and completing the project.

(*c*) Authorize Federal loans aggregating $250 million to States and municipalities which otherwise would be unable to meet their share of the cost of projects for which grants are authorized. Such loans would be made at an interest rate determined under a formula in the bill, which presently would be 3⅝ percent.

(*d*) Allocate an aggregate of $250 million among the foregoing programs to supplement the available funds.

Restrictions on financial assistance under the proposed act would include requirements that the project or program (1) can be initiated or accelerated within a reasonably short period of time, (2) will meet an essential public need, (3) if initiated under the act, can be completed within 12 months after initiation and (4) will contribute significantly to the reduction of unemployment.

H.R. 10113, a similar bill, would provide the Public Works Coordination and Acceleration Act. This would establish an Office of Public Works Coordination and Acceleration and, if the unemployment rate reached prescribed levels, would authorize the President through the Director to allocate (*a*) an aggregate of $500 million to accelerate construction of Federal public works projects, and (*b*) an aggregate of $1.5 billion for Federal assistance to accelerate construction of State and local government public works projects; provided, that no such funds shall be made available to any State or local government unless the public works project results in a net increase in the current annual level of expenditures of such government for capital improvement projects. This bill would also amend the community facilities program (sec. 202 of the Housing Amendments of 1955) to authorize Federal grants-in-aid, up to 50 percent of the cost of construction of any public facilities project, to any municipality eligible for Federal assistance under that program—without regard to requirements therein that the financial assistance not be otherwise available on reasonable terms and that it be extended only to municipalities with a population not in excess of 50,000 (or 150,000 in a redevelopment area).

It appears that the principal question for the committee is whether the proposed program is necessary, desirable, and the most effective means to accomplish the desired result.

(1) State and local government financing of public facilities through bond sales continues at record levels

In considering any proposal to provide Federal assistance to States and municipalities for financing public facilities, it is essential background to consider whether States and municipalities can and are financing needed public facilities without the proposed assistance.

The sale of new issues of municipal bonds to provide long-term financing for the construction of public facilities has steadily increased over the past 10 years and reached a record high in 1961, as evidenced by the total sales of new issues of State and municipal bonds during each of those years:

1952	$4, 401, 317, 000	1957	$6, 958, 152, 000
1953	5, 557, 887, 000	1958	7, 400, 367, 000
1954	6, 968, 641, 000	1959	7, 681, 000, 000
1955	5, 976, 503, 000	1960	7, 229, 000, 000
1956	5, 446, 419, 000	1961	8, 300, 000, 000

Attached as appendix A is a list of the total amount of new issues of State and municipal bonds sold in each State in 1961 (a preliminary tabulation, not yet complete). Attached as appendix B is a list of the 3,629 new issues of State or municipal bonds sold during the first 6 months of 1961 (January–June).

We request that these appendixes be included in the printed record of the hearings because the information in them is essential in considering whether financial assistance is necessary in the financing of public facilities by State and local governments.

The high level of sales of new issues of municipal bonds has continued this year with sales aggregating over $1.9 billion during the first 2 months (January–February 1962).

For many years advocates of various programs of Federal financial assistance to States and municipalities have alleged that local governments were no longer able to finance needed facilities because of inadequate revenues or statutory or constitutional debt restrictions; but the record clearly demonstrates that States and local governments can, and are continuing to finance increasing programs of construction of public facilities.

The claim is also made from time to time that small municipalities are unable to finance needed public facilities because they must pay prohibitively high interest rates on their bonds and are forced to pay higher interest rates than larger municipalities. Again, the record disproves such claims and demonstrates that small municipalities can and do obtain favorable rates on their financing. For example, during the first 3 months of 1961 (January–March), municipalities with population under 10,000 sold in the open market 305 issues of general

obligation bonds aggregating over $102 million; and over 92 percent by dollar amount of these issues were sold at a net interest cost under 4 percent.

(2) *Financing through bond sales and construction by local governments operate automatically on a contracyclical basis*

The record during the last three recessions has demonstrated that financing (and the resulting construction) by State and local governments has operated automatically on a contracyclical basis. Projects which are less readily postponable, such as schools, water and sewer projects, have in general been financed when they have been needed. However, the record indicates that many postponable projects have been held until interest rates declined. Under a flexible monetary policy, interest rates generally have declined during periods of economic recession, and many municipalities have taken advantage of the lower interest rates to finance the postponed projects. Consequently, there was a sharp rise in municipal bond sales during the 1953–54 recession, the 1958 recession, and the 1960–61 recession.

This contracyclical reaction in local government financing was noted recently in the March 1962 monthly review of the Federal Reserve Bank of New York, as follows:

"As in past recessions and recoveries, State and local governments stepped up their borrowing in the 1960–61 recession and increased their outlays on construction.

* * * * * * *

"Thus, the increase in construction outlays in this recession represented a reversal of a downward movement, rather than just an acceleration of the previous absolute rate of growth as in 1954 and 1958" (p. 39).

Since this contracyclical action occurs automatically, it would appear both unnecessary and undesirable to authorize increased Federal financial assistance at such times, because increased Federal assistance would probably simply substitute Federal financing for financing obtainable from other sources. This result was recognized in the staff report from the Bureau of the Budget in January 1960 on "Federal Fiscal Behavior During the Recession of 1957–58" which remarks:

"However, in a short recession in which monetary conditions ease and credit is available Federal lending tends to replace rather than supplement private lending."

Federal revenues undoubtedly would automatically decrease in a recession period, and the decrease would be accentuated if tax reductions were put in effect, while Federal expenditures would be increasing under previously authorized programs. Thus, it would appear highly undesirable at such a time to increase Federal financial commitments. Federal financial assistance to States and municipalities at such times would simply replace rather than supplement financing from other sources.

In this connection, it is appropriate to observe how one of the major present Federal lending programs operates to substitute Federal financing for financing which is readily available from other sources. The community facilities loan program (42 U.S.C. 1491–1493) authorizes long-term Federal loans to municipalities for community facilities at an interest rate determined under a formula in the law (presently 3⅝ percent, except in redevelopment areas where it is 3⅜ percent) "unless the financial assistance applied for is not otherwise available on reasonable terms." The determination of what constitutes reasonable terms is made administratively and was established in September 1961 at 3⅞ percent for 30-year maturity bonds, reduced one-eighth of 1 percent for each full 5 years shorter maturity, but not less than 3⅝ percent (one-quarter of 1 percent lower in redevelopment areas). This administratively determined reasonable rate is too low in relation to current market interest rates. In effect it declared unreasonable:

(*a*) The yield at that time on U.S. bonds of comparable maturity.

(*b*) For new issues of municipal bonds sold in the open market during the 6-month period January–June 1961:

14.3 percent by value and 25.2 percent by number of issues maturing 1–20 years.

37.8 percent by value and 42.1 percent by number of issues maturing 21–25 years.

31.7 percent by value and 48 percent by number of issues maturing 26 years and over.

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When $4 million of Charleston, W. Va., sewer revenue bonds were advertised for bids on July 31, 1961, seven bids were submitted by investment bankers, the best bid providing a net interest cost of 3.9453 percent. However, a representative of the CFA present at the opening of the bids let it be known that his agency might provide the financing at a lower rate of interest. When the bonds were readvertised for bids on November 20, 1961, pursuant to a CFA commitment to buy any of the issue that was not purchased by other buyers at a net cost of 3⅝ percent or lower (the so-called reasonable rate applicable in a redevelopment area) investment bankers purchased $485,000 of the early maturities and the CFA proceeded to buy the balance of about $3.5 million.

The important point here is that the entire $4 million loan could have been provided without Federal assistance at an interest rate which was in line with the prevailing market rates at the time. The facts clearly refute a statement by a Federal official that the city, on the basis of past experience, expected bids at an interest cost of 3 or 3¼ percent. On the two preceding issues of Charleston sewer revenue bonds in 1955 and 1957 (which had comparable maturities), the interest rates obtained were close to Moody's Baa municipal index at those times, so that Charleston would expect to obtain an interest rate close to that index on its sewer revenue bonds. On the date in question Moody's Baa index indicated an interest rate between 3.9 and 4 percent, so that the best bid submitted by investment bankers (3.945 percent) was in the range to be expected by the city. We have been informed that the financial adviser for the city was prepared to recommend that the city accept the bid of 3.945 percent until the city was informed that the CFA might provide the financing at a lower rate.

Such substitution of Federal financing for that which is available from other sources at reasonable rates is contrary to our system of government and is contrary to the express provision in the law that no Federal loan shall be made under the program unless the financing is not available from other sources on reasonable terms. Consequently, it is important when considering any similar program of Federal assistance to avoid such unnecessary substitution of Federal financing, particularly at a time when we are confronted with problems of balancing the budget and meeting an adverse balance of international payments.

The requirement in H.R. 10317 that the project can be initiated within a reasonably short period of time and the requirement in H.R. 10113 that no funds shall be made available to any State or local government unless the project results in a net increase in the current annual level of expenditures of such government for capital improvement projects would not avoid substitution of Federal financing for that available from other sources because (*a*) proceeds of municipal bond sales (increasing automatically on a contracyclical basis as indicated by past experience) could initiate construction projects just as quickly as Federal funds and (*b*) since most new capital improvements by a local government would increase its level of expenditures for capital improvements, Federal funds normally would not increase the level of such expenditures above that which would be obtained by regular municipal financing from private sources.

(*3*) *Existing Federal financial assistance programs provide funds to accelerate capital expenditure programs of the Federal Government and local governments*

It is not necessary to detail here the billions of dollars authorized for direct expenditure by the Federal Government on public works and military construction. However, since the primary emphasis of this statement is on the lack of necessity for additional Federal assistance to State and local governments, it is appropriate to summarize briefly some of the presently authorized programs which could be used to accelerate capital expenditures by States and municipalities. Some of the major Federal grant programs are the following, which include varying requirements for matching funds by the State or local government:

(*a*) Urban renewal capital grants of $2 billion are authorized to help defray the net cost of projects. (This amount authorized under the Housing Amendments of 1961 is in addition to $2 billion previously authorized.)

(*b*) The Federal Highway Act of 1956 as amended by the Federal Aid Highway Act of 1961 authorizes Federal grants of $2.4 billion in the fiscal

year 1963 for the Interstate System (on a 90 percent Federal-10 percent local basis). Grants of $925 million are authorized for the primary, secondary, and urban highway systems for the fiscal year 1963 (on a 50 percent Federal-50 percent State basis). The Federal grants authorized for the Interstate System increase each year, reaching $3 billion in fiscal 1968 and continue through fiscal 1971.

(*c*) The Water Pollution Control Act authorizes Federal grants of $90 million in the fiscal year 1963 to States and municipalities for water pollution control facilities. Federal grants of $100 million in each of the fiscal years 1964 through 1967 are authorized.

(*d*) The Federal Airport Act authorizes Federal grants of $75 million for airport construction in the fiscal year 1963 and an identical amount for fiscal year 1964.

(*e*) The Area Redevelopment Act of 1961 authorizes Federal grants of $75 million for public facilities in qualified redevelopment areas.

(*f*) The Hospital Survey and Construction Act authorizes $150 million for the construction of public and other nonprofit hospitals in each of the fiscal years through fiscal year 1964. The Medical Facilities Survey and Construction Act authorizes in each fiscal year through 1964 $20 million of grants for construction of public and other non-profit diagnostical treatment centers; $20 million for construction of public and other nonprofit hospitals for the chronically ill and impaired; $10 million for the construction of public and other nonprofit rehabilitation facilities; and $20 million for the construction of public and other nonprofit nursing homes.

Similarly, existing Federal loan programs to assist local governments or educational institutions include the following:

(*a*) The community facilities loan program, as amended by the Housing Act of 1961, authorizes $500 million of low interest rate Federal loans to municipalities for community facilities (in addition to $150 million previously authorized).

(*b*) The college housing loan program, under amendments in the Housing Act of 1961, authorizes low interest rate Federal loans of $300 million in each of the fiscal years from 1961 through 1964 (an aggregate of $1.2 billion in addition to the previous authorizations of $1.675 billion).

(*c*) The Area Redevelopment Act of 1961 authorizes $100 million of Federal loans for public facilities in qualified redevelopment areas (in addition to $200 million for Federal loans for industrial facilities in redevelopment areas).

(*d*) The Watershed Protection and Flood Prevention Act authorizes low interest rate Federal loans by the Farmers Home Administration to municipalities, including water conservation, irrigation, drainage, and flood prevention or control districts, to finance water supply reservoirs, flood control dams and reservoirs, irrigation lands and rural water supply and distribution systems. The maximum permissible is $5 million for any one project.

(*e*) The Consolidated Farmers Home Administration Act of 1961 authorizes the Farmers Home Administration to make or insure loans to municipalities, including irrigation, drainage, and water supply distrcts for soil or water conservation projects.

Thus, in only these programs the Federal Government already has authorization for the fiscal year 1963 alone to make grants aggregating close to $6 billion for assistance to States, local governments and educational institutions for public facilities, and authorization to make loans aggregating over $1 billion in the fiscal year 1963 to municipalities and educational institutions for various forms of public facilities.

Furthermore, the proposed College Academic Facilities Act as it passed the House on January 30, 1962 (the bill also passed the Senate with amendments and is presently awaiting reference to a conference committee) would authorize Federal grants of $180 million for each of 5 years and Federal loans of $120 million for each of 5 years to institutions of higher learning for the construction of academic facilities.

These substantial authorizations for Federal grants and loans provide adequate funds for the Federal Government to accelerate capital outlays by States, municipalities, and educational institutions at any time, if such action should

be deemed necessary and desirable. Accordingly, it is unnecessary and undesirable to adopt the additional program proposed in H.R. 10317, H.R. 10113, or similar bills.

(4) *The most effective stimulus in a recession would be a reduction in Federal personal income taxes*

In the event of a recession, certain so-called built-in stabilizers, principally the automatic decrease in income tax revenues and the automatic increase in unemployment benefits, operate without action by either the executive or legislative branch of the Government. However, if an additional stimulus to the economy is needed, we believe that the most immediate and most effective device would be a reduction in individual Federal income taxes, which would operate immediately to increase spendable income. This device would have the great advantage of operating to invigorate the private segment of the economy, which would need the greatest stimulus.

In this connection, it should be noted that the staff report by the Bureau of the Budget, previously cited, regarding "Federal Fiscal Behavior During the Recession of 1957–58," rated the major contracyclical policies employed in the 1957–58 recession. It stated that the so-called built-in stabilizers had the greatest relative economic impact and, indeed, that they had the additional advantage of good reversibility when the recovery period began.

CONCLUSIONS

(1) State and local government financing of public facilities through bond sales continues at record levels.

(2) Financing through bond sales and construction by local governments operate automatically on a contracyclical basis, increasing in recession periods.

(3) Existing Federal financial assistance programs already provide substantial funds to accelerate capital expenditure programs of the Federal Government and local governments.

(4) The most effective stimulus in a recession would be a reduction in Federal personal income taxes.

Consequently, we submit that it is unnecessary and undesirable to adopt H.R. 10317, H.R. 10113, or similar programs authorizing additional Federal financial assistance to States and municipalities for the construction of public facilities.

Mr. DAVIS. Are there any questions over here?

Mr. Dooley?

Mr. DOOLEY. No questions. I would simply like to commend the witness, Mr. McGee, on a very meticulously prepared and knowledgeable statement. It is certainly an inspiring statement to many of us on the Republican side, especially, to hear this very fine presentation, and from a source so knowledgeable. We are very grateful to you, Mr. McGee, for the way you have prepared this whole presentation.

Mr. MCGEE. Thank you, Congressman Dooley.

Mr. BALDWIN. Mr. Chairman.

Mr. DAVIS. Mr. Baldwin.

Mr. BALDWIN. I would like to say, Mr. McGee, the information you have attached to your statement I think will be most helpful to the committee when we go into executive session to consider this whole problem.

Mr. MCGEE. May I say that the association has endeavored very faithfully to present information accurately and comprehensively. We have our data compiled on IBM cards and if you need further information we will make every effort to get you anything you need and which we have available through the run of the cards.

Mr. HARVEY. Mr. Chairman.

Mr. DAVIS. Mr. Harvey.

Mr. HARVEY. Mr. McGee, I also want to compliment you on this very thorough statement. I think it is well prepared and very well documented.

I would like to say I certainly agree with you, insofar as your philosophy is concerned, that tax cuts are a sounder way of accomplishing this, as you have expressed it here. In my judgment not only are they more immediate than any public works project could possibly be, than even the best planned public works project, let us say, but they also have the advantage of being noninflationary as well, in that we do not have the Federal Government's bidding for the same concrete, lumber, and materials as are necessary for the people building houses, and so forth.

That is not to say that there should be no role at all for any sort of a public works program as we started out in this committee to consider strictly to avert a recession. But somehow, and I know the chairman will understand me when I say we seem to have digressed somewhat from where we got the President's message when we started out, because we are considering now a sort of long-range project for depressed areas. I was interested myself recently to look over the list of the depressed areas, and I came away with a conclusion, and I wonder if you would verify it.

For example, in Pennsylvania and in the other States that have these depressed areas they still have the best of credit insofar as the financing of public works is concerned.

Mr. MCGEE. They have good credit, sir.

May I amplify that by a factual remark? You have referred to Pennsylvania, Congressman, and I can say I know of no instance in that State where it has not been possible for a municipality to obtain the sale within the last year of any bonds that it has offered by reason of market conditions or lack of credit ability.

I would like to illustrate this point further by something which just happened in the last 2 days. Congressman Harvey is from Michigan, and thus I would like to refer, if I may, to the State of Michigan.

The city of Detroit offered $20,985,000 of bonds for sale on Wednesday, and it obtained interest rates which ranged from 2.579 percent up to 3.19 percent. The reason for the variation in those rates is it offered bonds of different maturity range, and the longest issue was that of a school isue of $10 million, on which the average interest rate was 3.194 percent.

Detroit is in a redevelopment area. It is a so-called depressed area. The situation is that municipalities from the so-called depressed areas are able to go out into the open market and sell bonds.

Frankly, I do not know of any single case in the United States where an investment dealer has condemned any municipality as being of unfavorable credit standing because of being classified on the Federal list as being in a redevelopment area.

Mr. HARVEY. I appreciate that information. I see you have Baraga County Hospital listed in Michigan. That would be on the Upper Peninsula.

Mr. McGee. I am a former Michiganite myself, so I know a little bit about the geography of the State. Let me turn to appendix B. I was not born in the Upper Peninsula, as you were, Congressman. Let me see; which of the issues did you identify?

Mr. Harvey. I see on your list here Baraga County Hospital at the top of list B–30. That was the only one I saw from the Upper Peninsula, however.

Mr. McGee. That is right. They sold $190,000 of bonds at 2.587 percent. That is not a particularly populous county, is it, Congressman?

Mr. Harvey. I am not too well acquainted with it in the last 20 to 25 years, but I would say that the population is low up there. If I would estimate it I would say probably it is in the neighborhood of 10,000 to 20,000—in that bracket. Between 10,000 and 20,000. It is one of the smaller counties in Michigan certainly.

We certainly thank you for your testimony, Mr. McGee. I have not had a chance to look this over yet, but it appears to be very thorough and well documented and I look forward to it.

Mr. McGee. Thank you.

Mr. Harvey. Thank you, Mr. Chairman.

Mr. Davis. He has certainly done his lesson well to turn quickly and answer the questions which have been addressed to him. So we are very grateful to you, Mr. McGee, for coming down here.

Mr. McGee. Thank you, Mr. Chairman.

Mr. Davis. Without any objection, this very long list of issues of State or municipal bonds sold in 1961 will be made a part of the record.

Mr. McGee. I am much obligated, sir, and thank you very much, sir.

(The appendixes attached to the statement of Mr. McGee are as follows:)

Partial List of New Issues of Bonds
Sold by Municipalities with Population under 10,000
For Water or Sewer Facilities
During the First Three Months of 1961 (January - March)

Amount	Issuer - purpose	Maturity Range	Net Interest Cost
125,000	Maumee (Ohio) street and sewer	2-10	2.760
150,000	Farmingdale (N.Y.) water system	1-15	2.990
90,000	Wappingers Falls (N.Y.) water	1-15	3.090
35,000	Sudbury (Mass.) water district	1-15	3.130
500,000	Belleair (Fla.) sewer	3-12	3.154
270,000	Golden (Colo.) water	1-15	3.169
1,100,000	Radford (Va.) water and sewer	1-20	3.187
125,000	Westminster (Mass.) water	1-15	3.240
96,000	Britt (Iowa) sewer	1-19	3.257
140,000	Little Rock (Iowa) community school district	1-18	3.273
350,000	Spencer (Iowa) sewer	1-19	3.321
695,000	Dalton (Mass.) sewer	1-29	3.350
69,000	Oak Harbor (Ohio) sewer	1-20	3.370
340,000	Morris (Minn.) sewage	2-21	3.373
300,000	Greenville (Mich.) sewage	1-20	3.391
100,000	North Baltimore (Ohio) sewer	1-19	3.450
295,000	Perrysburg (Ohio) sewage	1-20	3.460
700,000	Medina (N.Y.) water	1-29	3.480
112,000	Buhl (Minn.) sewage	2-13	3.487
170,000	Strasburg (Va.) sewer	1-20	3.528
150,000	Medina (Ohio) waterworks	2-21	3.566
650,000	Medina (Ohio) sewage	2-21	3.566
200,000	Medina (Ohio) waterworks	2-21	3.566
49,000	Fairfax (Minn.) water and sewer	2-16	3.570
120,000	Liberty (N.Y.) water	1-27	3.630
190,000	Wells (Minn.) sewage	3-20	3.645
398,000	Bedford Hgts. (Ohio) sewer	1-20	3.650
175,000	West Carrollton (Ohio) sewer	2-21	3.680
198,000	New Windsor (N.Y.) water	1-29	3.710
486,000	Salem Hgts. (Oregon) water district	1-23	3.726
100,000	Enfield (N.C.) water	3-21	3.743
1,330,000	Bloomfield Hills (Mich.) sewer	1-29	3.778
125,000	St. Helens (Oregon) sewer	1-20	3.778
60,000	Wesson (Miss.) waterworks	2-21	3.802
86,000	St. Joseph (La.) sewer	1-25	3.809
271,000	Seaside (Oregon) sewer	1-19	3.817
750,000	Belleair (Fla.) sewer	2-31	3.877
395,000	Hazlehurst (Miss.) sewer	4-30	3.916
175,000	Riverdale (N.J.) water	1-30	3.920
275,000	Winnsboro (La.) sewer district 1	2-25	3.930
157,000	De Quincy (La.) Imp. sewer district	2-20	3.940
162,000	Somerdale (N.J.) sewer	1-18	3.940
800,000	Old Town (Maine) water district	1-20	3.950
50,000	Granite Falls (N.C.) sewer	1-18	3.978
65,000	Bernice (La.) sewage	1-20	4.010
600,000	Cookeville (Tenn.) waterworks revenue	6-24	4.088
533,000	Blaine (Minn.) water	3-21	4.141
150,000	White Cloud (Mich.) sewage	3-29	4.168
400,000	Arden Hills (Minn.) sewer	1-20	4.220
230,000	Fuquay Springs (N.C.) sewer	2-31	4.235
160,000	Hugo (Minn.) waterworks Imp.	2-20	4.322

Appendix A

Total Amount of New Issues of State and Municipal Bonds Sold in 1961
(a preliminary tabulation, not complete)

State	Amount	State	Amount
Alabama	$ 117,790,000	Nebraska	38,755,000
Alaska	34,271,000	Nevada	19,286,000
Arizona	61,279,000	New Hampshire	28,010,000
Arkansas	19,489,000	New Jersey	217,771,000
California	1,312,894,000	New Mexico	31,726,000
Colorado	44,227,000	New York	1,068,897,000
Connecticut	185,473,000	North Carolina	96,867,000
Delaware	23,700,000	North Dakota	13,317,000
Florida	309,080,000	Ohio	311,365,000
Georgia	181,279,000	Oklahoma	208,868,000
Hawaii	31,859,000	Oregon	133,713,000
Idaho	11,701,000	Pennsylvania	372,129,000
Illinois	429,352,000	Rhode Island	29,880,000
Indiana	108,057,000	South Carolina	35,542,000
Iowa	49,199,000	South Dakota	8,905,000
Kansas	47,238,000	Tennessee	102,475,000
Kentucky	418,727,000	Texas	420,980,000
Louisiana	109,423,000	Utah	20,685,000
Maine	23,475,000	Vermont	10,208,000
Maryland	188,673,000	Virginia	118,027,000
Massachusetts	230,581,000	Washington	113,875,000
Michigan	388,783,000	West Virginia	25,992,000
Minnesota	111,090,000	Wisconsin	177,569,000
Mississippi	82,449,000	Wyoming	19,892,000
Missouri	88,300,000	Puerto Rico	81,735,000
Montana	11,940,000		
		Total	$8,326,810,000

Appendix B

New Issues of State and Municipal Bonds Sold During the First 6 Months of 1961

(January - June, 1961)

Issuer	Amount	Net Interest Cost (%) *
ALABAMA		
Florence Improvements	$ 350,000	3.270
Mobile County Board of School Commissioners	1,500,000	3.595
Mobile Board of Water and Sewer Commissioners	3,000,000	3.904
Prattville Sewer	80,000	
Winfield Waterworks Board	85,000	
Alabama Education Authority	30,000,000	3.358
Clarke County Gas District	3,800,000	
Demopolis Waterworks & Sewer	1,000,000	3.987
Florence General Obligation	45,000	
Gadsden School Refund	1,000,000	3.534
Lowndes County Gas Revenue	200,000	
Marshall County Hospital Revenue	900,000	
Muscle Shoals Board of Education	175,000	
Talladega County Road and Bridge	500,000	
Tuscumbia Refunding	23,000	
Attalia Board of Education	61,000	3.287
Attalia Board of Education	102,000	3.527
Autauga County School	200,000	
Butler General Obligation	86,000	3.045
Cherokee Industrial Revenue	25,000,000	
Cherokee County School District 2	100,000	
Cherokee County School District 1	50,000	
Dekalb County Gas District	1,100,000	
Greenville Waterworks and Sewer	192,000	4.245
Hartselle Electric Refund	110,000	
Troy State College	150,000	3.840
Anniston New Housing	1,175,000	3.493
Birmingham Improvement	1,000,000	3.713
Birmingham Improvement	1,000,000	3.713
Birmingham Improvement	4,500,000	3.713
Birmingham New Housing	2,960,000	3.493
Blountsville Housing	26,000	
Cullman Sewer Refund	1,200,000	4.146
Enterprise Sewer	150,000	
Jasper Sewer Revenue	1,000,000	
Mountain Brook Board of Education	315,000	
Ozark General Obligation	90,000	
Ozark Utility Board	1,000,000	4.312
Talladega County Road and Bridge	500,000	
Valley Head Housing	12,000	
Walker County Housing	54,000	
York Housing	34,000	

*Where the net interest cost of an issue was not immediately available from our records, no interest cost is given. In a few issues where several issues were sold together by the same issuer at the same time, the net interest cost given is the combined net interest cost for all of the issues.

Issuer	Amount	Net Interest Cost (%) *
ALABAMA (continued)		
Colbert County Gas Revenue	235,000	
Evergreen Electric and Sewer	260,000	3.590
Huntsville School	1,500,000	4.082
Marshall County Hospital Board	900,000	
Opelika School	243,000	
Opelika Community Center	373,000	
Allen Waterworks and Sewer Revenue	60,000	5.500
Barbour County Road Building	175,000	
Gadsden School	196,000	
Hackleburg Refunding	25,000	
Tallapoosa County Gas Revenue	250,000	2.836
Vernon Water and Sewer Revenue	36,000	
Winston County Board of Education	150,000	3.973
ALASKA		
Fairbanks Improvement	1,415,000	
Sitka Independent School District	1,000,000	4.242
Fairbanks Independent School District	1,000,000	3.956
Fairbanks Improvement	2,100,000	3.889
Juneau Airport	200,000	
Juneau Highway	345,000	
ARIZONA		
Cochise County School District	129,000	3.675
Cochise County School District	82,000	3.675
Florence Street and Highway	25,000	
Maricopa County School District 6	1,239,000	3.079
Maricopa County School District 66	246,000	3.166
Maricopa CountyUnified High School District 213	450,000	2.909
Maricopa County School District 31	98,000	3.258
Maricopa County School District 59	120,000	3.592
Maricopa County School District 97	116,000	3.601
Mesa Sewer	58,000	3.084
Mesa Electric and Gas Revenue	390,000	3.751
Maricopa County School District 68	825,000	3.081
Safford Electric Revenue	400,000	3.689
Tucson Water Revenue	5,000,000	3.746
Yuma County School District 13	585,000	3.353
Apache County School District 3	60,000	3.307
Apache County School District 8	279,000	2.780
Eagar Water and Sewer Revenue	60,000	4.645
Gila County Payson High School District	153,000	3.099
Mesa Sewer	33,000	
Springerville General Obligation	8,000	
Springerville Sewer Revenue	40,000	
Apache County School District 1	197,000	3.670
Kearny Park and Recreation	20,000	
Navajo County School District 10	85,000	3.647
Phoenix Street and Highway	3,400,000	3.755
Pima County School District 1	654,000	3.300
Clarkdale Sewer	19,000	
Cochise County High School District	45,000	3.589
Cochise County School District 1	65,000	3.283
Chilton County Board of Education	200,000	

Issuer	Amount	Net Interest Cost (%) *
ARIZONA (continued)		
Glendale Water and Sewer Revenue	825,000	3.595
Maricopa County School District 210	3,300,000	3.432
Maricopa County School District 83	450,000	3.436
Maricopa County School District 89	127,000	3.590
Maricopa County School District 21	380,000	3.550
Maricopa County Unified High School District 216	260,000	3.732
Maricopa County School District 45	62,000	4.014
Pima County High School District 1	4,436,000	3.298
Thatcher Storm and Sewer	50,000	3.900
Maricopa County Unified High School District 205	2,900,000	3.391
Phoenix Park	1,000,000	3.470
Phoenix Administration Building	1,500,000	3.470
Phoenix Sewer	3,500,000	3.470
Santa Cruz County High School District 1	50,000	3.894
Santa Cruz County School District 1	80,000	4.034
Scottsdale Improvement Sewer	700,000	3.868
Scottsdale Sewer Revenue	700,000	3.978
ARKANSAS		
Blytheville Industrial	393,000	3.885
Blytheville Industrial Refund	232,000	
Fort Smith Waterworks Revenue	1,525,000	3.743
Pulaski County Special School District	1,546,000	3.594
Watson Chapel School District 24	206,000	
Desha County Road	225,000	
El Dorado Special School District 15	3,000,000	3.900
Hope Water and Electric Revenue	102,000	
Lake Village Industrial	350,000	
Stuttgart School District 22	130,000	
Fort Smith Special School District	2,635,000	
Harrisburg School District	325,000	
Blytheville School District 5	100,000	
Pulaski County Special School District	1,027,000	3.441
CALIFORNIA		
Alamitos School District	435,000	3.930
Alhambra City High School District	4,569,000	3.239
Alameda County Flood and Water	750,000	3.931
Antioch Unified School District	1,000,000	3.291
Arcata School District	467,000	4.014
Arcohe Unified School District	24,000	4.314
Azusa City School District	270,000	3.830
Burlingame School District	195,000	2.990
California School	95,000,000	3.684
Cambrian School District	275,000	
Carpinteria Sanitary District	510,000	4.101
Castro Valley School District	205,000	3.865
Cerritos Junior College District	2,300,000	3.861
Chatom Unified School District	35,000	3.451
Claremont Unified School District	295,000	3.562
Cloverdale Unified School District	150,000	3.894
Concord Sewer Revenue	1,070,000	4.191
Covina Valley Unified School District	1,268,000	3.897
Contra Costa County Water District	12,840,000	3.975

Issuer	Amount	Net Interest Cost (%) *
CALIFORNIA (continued)		
Del Paso Heights School District	43,000	4.621
Duarte Unified School District	275,000	3.930
El Dorado Hills County Water District	895,000	5.829
El Dorado Hills County Water District	415,000	5.830
Ella School District	45,000	
Embarcadero Improvement District 3	250,000	5.360
Embarcadero Improvement District 4	307,000	5.430
Embarcadero Improvement District 1	650,000	5.330
Excelsior Unified High School District	1,388,000	3.930
Fallbrook Unified High School District	25,000	4.260
Fort Bragg Improvement	150,000	3.994
Fowler Unified High School District	42,000	3.969
Fremont Unified High School District	3,300,000	3.815
Garden Grove School District	674,000	4.020
Glen School District	44,000	
Hayward School District	204,000	3.650
Healdsburg High School District	515,000	3.479
Imperial Junior College District	500,000	2.520
Jefferson Unified School District	480,000	
La Puente Unified High School District	485,000	3.890
Las Virgenes Municipal Water District	2,000,000	4.187
Lemoore Unified High School District	235,000	
Lowell Joint School District	116,000	4.050
Los Angeles School District	2,500,000	3.632
Los Angeles School District	27,500,000	3.632
Marin County Sanitary District 1	650,000	4.153
Mountain View Improvement	120,000	
Montecito Sanitary District	900,000	3.699
Monterey City School District	285,000	3.073
Mt. Eden School District	234,000	3.682
Mt. Eden School District	68,000	3.572
Newark School District	157,000	3.818
North Coast County Water District	1,600,000	3.991
Nuview School District	18,000	4.276
Ontario Fire	125,000	3.555
Pacifica Sewer	920,000	4.020
Peninsula School District	142,000	3.838
Pittsburg School District	3,000,000	3.419
Pomona School District	450,000	3.460
Poway School District	139,000	4.559
San Diego Waterworks Revenue	5,000,000	3.429
San Dieguito High School District	1,110,000	3.642
San Luis Obispo School District	400,000	3.399
San Luis Obispo School District	815,000	3.476
Santa Rosa High School District	250,000	3.511
San Ramon Valley High School District	139,000	3.816
Sunnyvale Improvement	758,000	3.875
Sunnyvale School District	970,000	3.878
Tulare High School District	1,000,000	3.304
Tustin School District	330,000	3.650
Visalia School District	600,000	3.081
Vista Irrigation District	1,200,000	3.997
Warm Springs School District	78,000	4.036

Issuer	Amount	Net Interest Cost (%) *
CALIFORNIA (continued)		
West Covina School District	300,000	3.970
Yuba City High School District	980,000	3.520
Alameda Contra Transit District	2,833,000	
Alta Vista School District	35,000	4.054
Alameda County Flood Control	300,000	3.890
Barstow Junior College District	300,000	3.700
Campbell School District	609,000	
California City Commission School District	200,000	4.841
Carlsbad Waterworks	300,000	4.062
Ceres School District	185,000	3.568
Costa Mesa School District	739,000	3.697
Costa Mesa School District	121,000	3.697
Cypress School District	219,000	3.830
East Whittier Consolidated School District	315,000	3.620
East Niles Improvement District 1	1,410,000	4.121
El Cajon Sewer	850,000	3.833
El Segundo School District	2,750,000	3.618
El Camino Hospital District	993,000	
East San Bernardino County	500,000	
Fallbrook High School District	120,000	
Fallbrook High School District	78,000	
Fallbrook High School District	85,000	
Fountain Valley School District	207,000	3.800
Garden Grove High School District	1,360,000	3.771
Gold Oak School District	23,000	
Gold Oak School District	10,000	
Healdsburg School District	175,000	
Ivanhoe Public Utility District	85,000	4.131
Lakeport School District	255,000	
Lagunitas Elementary School District	77,000	3.980
Los Angeles County Waterworks	3,000,000	4.237
Los Molinos School District	485,000	
Los Angeles County Waterworks	200,000	4.235
Los Angeles County Waterworks	200,000	4.365
Monrovia High School District	210,000	3.350
Morley School District	25,000	4.312
Moorpark School District	30,000	3.110
Orange School District	715,000	3.202
Orosi High School District	280,000	3.800
Pleasanton Joint School District	75,000	3.504
Pomona School District	1,060,000	3.234
Poplar Community Service District	48,000	
Reedley Joint School District	330,000	3.207
Reed School District	449,000	
Riverside City High School District	800,000	3.122
Riverside City High School District	1,500,000	3.122
Robla School District	81,000	4.067
San Rafael High School District	1,100,000	3.185
Santa Maria Joint Junior College District	1,000,000	3.152
Salinas City School District	600,000	3.070
Sonoma County Flood Control District	2,670,000	3.561
Sonoma County Flood Control District	50,000	3.561
Solana Beach School District	293,000	
South Whittier School District	279,000	3.640

Issuer	Amount	Net Interest Cost (%) *
CALIFORNIA (continued)		
Stockton Parking Revenue	540,000	3.961
Vallejo Redevelopment Agency	1,240,000	4.368
Vista School District	19,000	3.986
Vista School District	411,000	3.986
Alameda County Flood Control	1,350,000	3.816
Bassett School District	191,000	3.870
Cabrillo Joint Junior College District	4,000,000	3.516
Carlsbad Water District 3	675,000	4.976
Carlsbad Water District 3	125,000	4.976
Compton Junior College District	700,000	3.740
Colton Joint High School District	600,000	3.490
Davis Joint School District	50,000	3.740
East Cliff Sanitary District	32,000	
Evergreen School District	55,000	3.600
Fairfield School District	100,000	3.900
Fontana School District	350,000	3.633
Fresno Parking District 1	255,000	4.041
Goleta School District	230,000	
Green Joint School District	92,000	4.161
Guadalupe Valley Improvement District	750,000	
Hayward High School District	1,900,000	3.693
Half Moon Bay High School District	25,000	3.889
Lessen View School District	82,000	3.979
Livermore Joint High School District	49,000	3.939
Live Oak High School District	283,000	3.862
Los Angeles Water Revenue	9,000,000	3.383
Loinyo School District	120,000	4.014
Niles School District	52,000	4.050
North Marin Water District	1,500,000	3.897
Oak Valley School District	45,000	3.748
Oak Valley School District	25,000	3.191
Oak Grove School District	85,000	3.644
Olivehain Water District 1	1,400,000	5.145
Orinda School District	115,000	3.620
Perris Elementary School District	154,000	4.070
Port of Oakland Revenue	1,460,000	3.754
Port of Oakland Revenue	1,540,000	3.754
Santa Maria Water and sewer	2,800,000	3.418
Santa Monica Parking Authority	1,500,000	3.983
San Mateo High School District	3,750,000	3.337
Wash High School District	472,000	3.729
Willowbrook School District	67,000	4.480
Yuba Feather Joint School District	75,000	3.987
Alta Loma School District	35,000	4.010
Amador Valley Joint School District	200,000	3.891
Anaheim Park	1,400,000	3.511
Anaheim Various	1,785,000	3.511
Artesia School District	245,000	3.900
Barstow School District	155,000	3.740
Barstow School District	78,000	
Brentwood School District	55,000	3.984
California State Building	50,000,000	3.847
California Veterans Aid	140,000,000	3.872
Calleguas Municipal Water District	1,560,000	4.037

Issuer	Amount	Net Interest Cost (%) *
CALIFORNIA (continued)		
California Toll Bridge Authority	5,000,000	4.874
Chico Municipal Improvement	542,000	3.719
Covina Valley School District	575,000	3.800
Contra Costa County Housing	2,315,000	3.493
Davis Joint School District	141,000	
Davis Joint School District	84,000	
Decoto School District	85,000	3.726
Dinuba School District	65,000	3.748
Escondido School District	410,000	3.905
Foothill Junior College District	3,000,000	3.651
Forestville School District	140,000	4.089
Franklin School District	250,000	
Fresno County Waterworks District 5	55,000	
Franklin School District	250,000	3.928
Fullerton High School District	600,000	3.487
Fullerton High School District	900,000	3.487
Imperial Junior College District	2,000,000	3.677
Lindsay School District	200,000	3.622
Linda Water District	195,000	4.589
Los Gatos School District	185,000	3.769
Los Angeles County Flood District	15,000,000	3.590
Loleta School District	48,000	4.147
Marin Municipal Water District	4,700,000	3.633
Manteca Improvement	75,000	
Marin County Sanitary District	65,000	
Morongo School District	2,000,000	4.094
Novato School District	315,000	3.934
Novato School District	85,000	3.946
Orange County Waterworks District 4 Zone I	440,000	4.743
Ranchito School District	60,000	4.169
San Rafael School District	184,000	
San Marcos Water District	1,250,000	4.374
San Lurs Obisp Parking District 1	420,000	4.098
San Buenaventure Housing	1,015,000	3.493
Skyline Water District	200,000	
Skyline Water District	110,000	
South Sutter Water District	52,000	
Timber School District	11,000	3.650
Timber School District	39,000	3.650
Torrance School District	1,000,000	3.370
Warm Springs School District	23,000	3.013
West Covina School District	350,000	3.893
West Covina School District	350,000	
Alameda County Flood Control	750,000	3.791
Atascadero School District	80,000	3.834
Barstow Storm Drains	235,000	3.726
Berkeley Storm Drains	1,643,000	3.053
Burlingame Fire and Police	275,000	2.909
Burlingame	275,000	
Canyon School District	100,000	
Carlsbad Municipal Water District	425,000	4.672
Carlsbad School District	200,000	3.839
Central School District	5,000	3.610
Central School District	150,000	4.050

Issuer	Amount	Net Interest Cost (%) *
CALIFORNIA (continued)		
Cucamonga Water District	450,000	4.153
El Dorado Hills Water District	500,000	
El Dorado Hills Water District	490,000	
Fairfield School District	103,000	
Folsom Joint School District	585,000	3.762
Fresno City School District	6,000,000	3.169
Fulton Recreation and Park District	100,000	4.071
Garvey School District	25,000	3.940
Galt Joint School District	130,000	3.836
Herndon School District	65,000	3.973
Home Gardens Sanitary District	200,000	
Jurupa Community Service District	425,000	4.385
La Habra School District	82,000	3.340
Los Angeles School District	30,000,000	3.417
Lone Star School District	45,000	3.963
Maple School District	70,000	2.940
Monterey High School District	3,200,000	3.247
Mono County High School District	700,000	3.620
Mound School District	350,000	3.426
Muroc School District	70,000	3.432
Napa School District	195,000	3.423
New Jerusalem School District	50,000	
Oceanside Harbor District	4,500,000	4.269
Orcutt School District	345,000	
Orange Cove Joint School District	214,000	4.046
Palm Springs School District	1,100,000	3.721
Palm Springs Airport	3,000,000	3.798
Pescadero High School District	5,000	4.283
Redlands School District	100,000	2.690
Rincon Valley School District	293,000	3.953
Rincon Valley School District	42,000	3.953
Riverside Water Revenue	4,600,000	3.475
Rosedale School District	180,000	3.297
Roseville Treatment Plant	500,000	3.281
San Bernardino High School District	1,900,000	3.303
San Diego County Hospital	7,500,000	3.282
Sanger High School District	344,000	3.564
Sanger School District	19,000	3.702
Sanger School District	1,000	3.702
Sanger School District	155,000	3.702
Saugus School District	16,000	4.210
Santa Rosa Water Revenue	400,000	4.021
Shaffer School District	50,000	3.690
Stanislaus County Road and Bridge	1,000,000	2.980
Stanislaus School District	35,000	3.709
Sweetwater High School District	1,370,000	3.770
Upland School District	330,000	3.540
Wash School District	890,000	3.893
West Marin School District	25,000	3.700
Acalanes High School District	850,000	3.662
Amador Valley Joint High School District	60,000	3.482
Arroyo Grande High School District	700,000	3.680
Belvedere Improvement	465,000	
Biggs High School District	480,000	

Issuer	Amount	Net Interest Cost (%) *
CALIFORNIA (continued)		
California Harbor	3,000,000	3.413
Cardiff School District	63,000	
Cardiff School District	37,000	
Carneros School District	25,000	4.000
Chula Vista City School District	350,000	
Clearlake Oaks County Water District	300,000	
Coachella Valley Junior College District	3,500,000	3.831
Coachella School District	100,000	3.929
East Niles Community Services District	1,200,000	4.547
El Toro Water District	1,900,000	5.662
Elk Grove School District	715,000	3.857
El Paso De Robles Water	225,000	4.155
Estero Municipal Improvement District	2,300,000	6.000
Escondido Fire	260,000	3.788
Forestville County Water District	293,000	
Fullerton Waterworks	1,000,000	3.386
Hayward Improvement	2,250,000	3.736
Kentfield School District	110,000	3.501
Leucadia County Water District	750,000	4.473
Los Alisos Water District	1,410,000	5.564
Los Banos Sewer	320,000	3.833
Los Angeles County Sanitary	200,000	4.450
Mad River Joint School District	57,000	
Moulton Niguel Water District	6,700,000	5.660
Morro School District	384,000	
Mt. San Jacinto Authority	7,700,000	
Nile Garden School District	149,000	4.050
Northridge Park Water District	100,000	4.802
Northridge Park Water District	275,000	4.814
Oceano School District	79,000	
Orange School District	585,000	3.332
Orange Cove Joint School District	72,000	4.046
Oxnard High School District	2,100,000	3.266
Oxnard Water Revenue	2,500,000	4.141
Poway Municipal Water District 3	30,000	5.340
San Diego Sewer	6,500,000	4.007
San Diego Sewer	26,000,000	4.007
Santa Rosa High School District	721,000	3.481
Santa Rosa High School District	759,000	3.481
San Francisco School	2,500,000	2.994
San Francisco Airport	7,500,000	2.994
Santa Clara County Highway	20,000,000	3.405
San Francisco Recreation and Park	275,000	2.961
San Francisco Fire	250,000	2.973
San Francisco Civic Center	750,000	2.994
San Jacinto School District	300,000	3.965
Santa Rita School District	55,000	3.933
Salida School District	60,000	3.934
San Diego Sewer	10,000,000	4.007
Sacramento Utility District	11,250,000	3.771
Sacramento Utility District	18,750,000	3.771
Shastina Sanitary District	130,000	
Sonoma County Flood District	200,000	
South Tahoe Sewer Special Authority	750,000	

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Issuer	Amount	Net Interest Cost (%) *
CALIFORNIA (continued)		
St. Helena School District	30,000	
Suisun City Water	185,000	
S. San Francisco School District	1,325,000	3.513
Tamalpais High School District	3,000,000	3.540
Tomales Bay School District	100,000	3.898
Walnut Creek School District	385,000	3.677
West Riverside School District	85,000	3.968
Yettem School District	6,000	4.451
COLORADO		
Boulder County School District 43	239,000	
Adams County Sanitary District Refunding	100,000	
Arapahoe County School District 6	1,285,000	3.431
Adams County School District 50	1,500,000	3.883
Adams County School District 27J	850,000	3.770
Denver Water	15,000,000	3.547
El Paso County School District 3	510,000	
Golden Water	270,000	3.169
Montrose Sewer Revenue	290,000	3.487
Sterling Sewer Revenue	245,000	3.589
Baca County Campo School District	200,000	
Roaring Fork School District	950,000	
Cheyenne County School District R 2	295,000	4.080
Denver Water Refunding	270,000	2.346
Delta Swiming Pool	60,000	2.000
Durango Street Improvement District 6001	525,000	4.370
Durango Sewer District 6002	50,000	4.807
Jefferson County School District R1	4,200,000	3.535
Colorado Springs Police	625,000	3.292
CONNECTICUT		
West Hartford Sewer	1,187,000	2.991
West Hartford Improvement	1,163,000	2.991
Connecticut Highway	5,000,000	2.833
Connecticut Highway	6,855,000	2.833
Connecticut Highway	7,125,000	2.833
Connecticut Highway	10,000,000	2.833
Fairfield School	515,000	3.055
Fairfield Sewer	650,000	3.055
Madison Beach	250,000	3.070
New Fairfield School	540,000	3.140
North Branford School	840,000	3.100
Simbury School	425,000	2.979
Coventry School	474,000	3.280
New Britain Sewer	595,000	3.110
New Britain Improvement	557,000	3.110
New Britain School	593,000	3.110
New Milford School	1,940,000	3.189
Bridgeport New Housing	1,695,000	3.493
East Hartford School	3,200,000	3.222
East Hartford Public Works	300,000	3.222
Wilton School	2,371,000	3.240
Brooklyn School	275,000	3.350
East Granby School	540,000	3.364

Issuer	Amount	Net Interest Cost (%) *
CONNECTICUT (continued)		
Ellington	350,000	2.452
Granby School	365,000	3.250
Griswold School	1,357,000	3.285
Southington Sewer	750,000	3.240
Branford Sewer	2,000,000	3.384
Branford Funding	750,000	3.384
Branford Improvement	464,000	3.384
Colchester School	533,000	3.510
Connecticut General Obligations	31,425,000	3.234
Connecticut Redevelopment	10,000,000	3.234
East Windsor School	270,000	3.450
Glastonbury Sewer	1,484,000	3.011
Ledyard School	200,000	3.400
Middletown Road	250,000	2.840
Middletown Sewer	250,000	2.840
Stamford School	1,969,000	3.205
Stamford Urban Redevelopment	100,000	3.205
Stamford Storm Drains and Flood	167,000	3.205
Stamford Improvement	391,000	3.205
Stamford Sanitary Sewer	809,000	3.205
DELAWARE		
Deleware State Consolidated School District 1	570,000	
Kent County State Consolidated School District 1	570,000	3.417
Mt. Pleasant Special School District	370,000	3.160
Smyrna Special School District	296,000	3.480
New Castle County School District 131	258,000	3.440
New Castle County School District 7	590,000	3.440
New Castle Special School District	634,000	3.470
Delaware Improvement	1,064,000	3.121
Delaware School	3,950,000	3.121
Delaware Highway	5,000,000	3.121
Delaware Welfare Home	550,000	3.121
Delaware Improvement	66,000	3.121
FLORIDA		
Gainesville Improvement Revenue	1,000,000	3.789
Indialantic Storm Sewer Revenue	275,000	
Miami Springs	350,000	3.497
Plant City Utility Revenue	350,000	4.065
Santa Rosa County School District 1	1,550,000	3.820
Belleair Sewer	500,000	3.154
Belleair Sewer	750,000	3.877
Florida Development Community Road	1,700,000	3.784
Fort Pierce Water and Electric	2,455,000	3.895
Fort Pierce Water and Electric	3,345,000	3.895
Hardee County	170,000	
Key West Electric Revenue	5,500,000	
Pinellas County School District 1	6,000,000	3.043
Bay County Special Tax School District 1	1,900,000	3.718
Boynton Beach Water Revenue	1,000,000	4.020
Boynton Beach Water Revenue	370,000	4.020
Duval County Special School District 1	15,000,000	3.195
Hillsborough County School District 1	6,000,000	3.460

Issuer	Amount	Net Interest Cost (%) *
FLORIDA (continued)		
Key West Improvement	1,350,000	5.032
Lee County Special Tax School District 1	1,500,000	3.766
Okaloosa County Hospital	1,000,000	4.080
South Pasadena Sewer Revenue	325,000	4.229
Apalachicola Housing	74,000	
Haines City Sewer and Water	795,000	3.965
Homestead Improvement Revenue	1,200,000	4.340
Homestead Improvement Revenue	50,000	4.340
Lake County	1,250,000	2.943
Largo Water and Sewer	795,000	4.397
Largo Water and Sewer	1,430,000	4.397
Manatee County Veteran Hospital	900,000	3.860
North Miami Beach Water and Sewer	82,000	
Seminole County Road Revenue	500,000	4.010
West Panama City Beach	805,000	5.460
West Panama City School Board	1,000,000	5.460
West Palm Beach Park Revenue	1,250,000	
Bay Harbor Island Street	700,000	3.864
Boynton Beach Swimming Pool	100,000	3.740
Clearwater Utility	840,000	3.685
Dunedin Marina Revenue	325,000	4.375
Florida Development Community Road	2,600,000	3.199
Lake land Sewer Revenue	4,100,000	
North Miami Beach Water	70,000	
St. Lucie County	1,600,000	3.737
Deerfield Beach Water	750,000	4.099
Florida Board of Education Duval County	900,000	3.658
Florida Board of Education Broward	900,000	3.658
Florida Board of Education Seminole	900,000	3.658
Florida Board of Education Orange County	850,000	3.659
Florida Board of Education Hillsborh	800,000	3.667
Florida Board of Education Alachua County	425,000	3.692
Florida Board of Education Sarasota	300,000	3.703
Florida Board of Education Santa Rosa	140,000	3.719
Florida Board of Education Okalosse	200,000	3.727
Florida Board of Education Walton County	160,000	3.728
Florida Board of Education Escambia	250,000	3.760
Florida Board of Education St. Lucie	200,000	3.770
Orlando Sewer	4,500,000	3.339
Pensacola Water Revenue	600,000	3.576
GEORGIA		
Fulton County Traffic Improvement	14,525,000	3.282
Georgia State Hospital Authority	8,600,000	3.209
Chatham County School	2,000,000	3.545
Cobb County School District	1,250,000	3.275
Dodge County Hospital	350,000	3.556
Fulton County School District	3,300,000	3.284
Triocity Hospital Authority	500,000	3.805
Acworth Housing	41,000	
Chatsworth Housing	25,000	
Cleveland Housing	18,000	
Columbus Water and Sewer Revenue	1,000,000	3.740
Crawfordville Housing	20,000	

Issuer	Amount	Net Interest Cost (%) *
GEORGIA (continued)		
Douglas County School District	450,000	
Fort Valley Housing	1,030,000	3.493
Georgia University Building Authority	13,000,000	3.678
Gibson Housing	18,000	
Gordon County Courthouse	400,000	
McDuffie County Hospital	98,000	
Tri City Hospital Authority	500,000	3.805
Valdosta Housing	1,875,000	3.493
Villa Rica Housing	49,000	
Colquitt County School District	500,000	3.732
Athens Water and Sewer Revenue	400,000	3.256
Atlanta Airport Revenue	1,000,000	3.908
Columbus Hospital	2,500,000	3.588
Columbus Street	500,000	3.588
Georgia State Highway Authority	30,000,000	3.831
Savannah Water and Sewer	1,300,000	3.780
HAWAII		
Honolulu City and County	5,649,000	3.644
Honolulu Water Revenue	3,000,000	3.953
IDAHO		
Nez Perce County Independent School District 1	800,000	3.408
Bingham County Class A School District 52	370,000	3.700
Pocatello Library	225,000	3.368
Pocatello Water	180,000	3.371
Mountain Home Sewer	275,000	4.159
Soda Springs Sewer	110,000	
ILLINOIS		
Colona Waterworks Revenue	73,000	
Cook County School District 109	104,000	
Dekalb County School District 425	105,000	2.633
Dupage County Junior High School District 45	1,300,000	3.623
Fayetteville Waterworks Revenue	65,000	
Fayetteville Waterworks	19,000	
Kane County School District 303	875,000	2.983
Kane Community School District 300	453,000	3.532
La Salle County School District 225	40,000	2.994
Madison County School District 10	1,500,000	3.308
Madison County School District 4	134,000	
Mount Prospect Fire	195,000	3.648
Northern Illinois University Dorm	4,500,000	4.123
Rock Island County School District 40	390,000	3.166
Shelby County School District 4	100,000	
St. Clair County School District 113	30,000	
St. Clair County School District 187	222,000	3.990
Williamson School District 205	100,000	
Belleville Parking Revenue	64,000	3.795
Bureau County Special High School District 502	690,000	3.042
Chicago Airport Revenue	25,000,000	4.663
Clinton Sanitary District	300,000	3.243
Cook County School District 130	300,000	
Cook County School District 28	495,000	3.072

Issuer	Amount	Net Interest Cost (%) *
ILLINOIS (continued)		
Cook County School District 101	525,000	3.240
Cook County School District 35	125,000	3.100
Cook County High School District 228	700,000	
Cook County School District 146	200,000	3.794
Dupage County High School District 107	1,880,000	3.048
East St. Louis Funding	233,000	3.090
Glencoe Park District	125,000	2.539
Hoffman Sewage Revenue	40,000	
Illinois State Normal University	4,000,000	3.938
Lake County School District 109	350,000	2.970
McHenry County School District 13	370,000	3.312
Mt. Prospect Cook County	195,000	
Peoria County School District 305	95,000	2.986
Rock Island Sewage Revenue	325,000	3.549
St. Clair County School District 175	299,000	3.550
Tazewell County School District 85	85,000	
Vermillion County High School District 218	575,000	3.280
Will County School District 201U	173,000	3.231
Antioch Water and Sewer	325,000	
Chicago Waterworks Revenue	30,000,000	3.578
Cook County Community School District 15	1,100,000	3.734
Cook County High School District 225	2,000,000	3.474
Cook County School District 149	285,000	
Cook County School District 157	302,000	
Cook County School District 73	380,000	3.790
Cook County School District 59	195,000	3.614
Cook County School District 59	210,000	3.614
Cook County School District 59	280,000	3.614
Dupage County School District 44	325,000	3.106
Dupage County School District 33	200,000	3.279
Dupage County School District 78	175,000	2.860
Glen Ellyn Water and Sewer	300,000	
Greenup Building	50,000	
Homewood Library	175,000	3.599
Jasper County School District 2	175,000	3.670
La Grange Park Street	580,000	3.479
Lake County High School District 117	995,000	3.066
Marion Waterworks Revenue	110,000	
North Western Illinois Hospital District	125,000	3.550
Southern Illinois University Dorm	3,900,000	4.014
Stonington Gas	240,000	
Tazewell County High School District 303	1,500,000	3.128
Tazewell County School District 102	122,000	3.392
Tinley Park Waterwork and Sewer	1,325,000	4.168
Chicago House of Correction	600,000	3.366
Chicago Disposal	900,000	3.366
Chicago Municipal Building	1,000,000	3.366
Chicago Municipal Building	1,350,000	3.366
Chicago Dock and Pier	2,900,000	3.366
Chicago Sewer	2,900,000	3.366
Chicago Airport	2,000,000	3.366
Chicago Conservation Area	2,000,000	3.366
Chicago Street Lighting	3,000,000	3.366
Chicago Bridge and Viaduct	3,500,000	3.366

Issuer	Amount	Net Interest Cost (%) *
ILLINOIS (continued)		
Chicago Slum Clearance	4,000,000	3.366
Chicago Sewer	6,100,000	3.366
Cook County Forest District	2,000,0002	2.783
Cook County School District 31	40,000	
Des Plaines Park	275,000	3.540
Dupo Waterworks and Sewer Revenue	112,000	
Lake County Community School District 111	400,000	
Lake County School District 98	110,000	4.032
Olney Waterworks Refund Revenue	350,000	
Peoria County High School District 312	950,000	3.488
Roxana Waterworks Revenue	105,000	
Streator Sewage Revenue	485,000	
Williamson County Housing	1,565,000	3.493
Wood River Sewer	270,000	3.621
Barrington Park District	200,000	3.624
Beardstown Sanitary District	390,000	3.790
Chicago Board of Education	40,000,000	3.281
Champaign County School District 4	944,000	2.611
Chadwick Sewage	55,000	
Cook County High School District 211	800,000	3.288
Cook County School District 25	1,125,000	3.403
Cook County High School District 219	6,875,000	3.367
Cook County School District 54	435,000	
Coulterville Waterworks	55,000	
Coulterville Waterworks Revenue	290,000	
Dupage County School District 41	1,350,000	3.494
East Peoria Sewer	1,835,000	3.358
Ford Community School District 4	350,000	3.190
Hardin County Recreation District 1	35,000	
Highland Waterworks Revenue	500,000	4.130
Matteson Street	140,000	3.704
Montgomery County School District 12	89,000	
Mt. Prospect Park District	1,475,000	
Ogle County School District 123	345,000	3.490
Peoria County School District 20	124,000	3.170
Peoria County School District 111	100,000	3.090
Ridott Road District	65,000	
St. Clair School District 70	215,000	3.862
University of Illinois Student Building	1,350,000	3.903
University of Illinois Student Building	750,000	3.623
University of Illinois Housing	320,000	3.457
Winnebago County School District 205	2,200,000	2.724
Will County School District 96	540,000	
Winnebago County School District 62	41,000	3.740
Wilmette Park	290,000	3.105
Algonquin Sewer and Waterworks	249,000	3.875
Algonquin Sewer and Waterworks	442,000	4.378
Bridgeport Sewer	106,000	
Cook County High School District 214	1,950,000	3.729
Cook County School District 39	2,250,000	3.360
Eastern Illinois University	600,000	3.730
Kane County School District 129	130,000	
Lake County School District 108	305,000	2.975
Mason School District 124	225,000	3.022

Issuer	Amount	Net Interest Cost (%) *
ILLINOIS (continued)		
McHenry County High School District 154	760,000	3.622
Mount Prospect Library	198,000	3.651
Park Forest Library	230,000	3.901
Piatt Community School District 100	275,000	2.745
Richwoods Township Road	70,000	
Rolling Meadows Park District	340,000	3.854
Rockford Parking Revenue	225,000	4.080
Springfield Sanitary District	800,000	2.979
St. David Water	25,000	
St. David Water Revenue	185,000	
Tazewell School District 703	760,000	3.647
Winnebago County School District 122	1,800,000	3.105
Will County School District 202	125,000	3.439
INDIANA		
Bremen School Building Corporation	1,300,000	3.817
Clay School Corporation	150,000	
Elkhart County Advancement	269,000	2.217
Evansville Waterworks District	2,400,000	2.992
Fairfield Township Civil Township	40,000	3.200
Fairfield Township School	40,000	3.200
Hammond School City	2,500,000	4.000
Indiana State Teachers College	275,000	3.376
Indianapolis Sanitary District	930,000	3.214
Indianapolis Park District	920,000	3.000
Michigan City School District	350,000	3.040
Napoleon Sewage Revenue	50,000	4.500
Oxford Waterworks Refund Revenue	92,000	4.030
Waterloo Sewage Revenue	162,000	
Frankfort Waterworks Revenue	2,250,000	3.708
Indiana University Athletics	262,000	
Pendleton School District	91,000	2.660
Richmond School City	260,000	2.460
Wayne Township Civil Township School	511,000	3.190
Warsaw Community Consolidated School Corporation	187,000	3.210
Wabash County School District	414,000	2.990
Auburn School City	100,000	2.450
Bedford School City	250,000	2.865
Blue River School Corporation	15,000	3.000
Clarksville School Town	199,000	3.100
Hammond Park District	400,000	3.560
Highland Waterworks Revenue	360,000	4.114
Jeffersonville Park	170,000	3.430
Kokomo Fire	220,000	3.108
La Grange School Town	55,000	2.863
Lincoln School Building	420,000	
Anderson School Township	52,000	
Anderson Township School Township	52,000	3.030
Clay School Building Corporation	575,000	3.710
Dunkirk School City	82,000	
Ellettsville Drainage	15,000	2.950
Elkhart South Side School Commission	2,140,000	3.747
Fremont School Corporation	120,000	
Harrison School Corporation	700,000	3.987

Issuer	Amount	Net Interest Cost (%) *
INDIANA (continued)		
Highland School Town	150,000	2.960
Indiana University Athletics	3,000,000	3.997
Lawrence County Hospital	137,000	2.839
Logansport Electric Revenue	3,400,000	3.676
Anderson Airport	350,000	2.860
Brown Township Civil Township	32,000	2.940
Brown Township School Township	32,000	2.940
Columbus County Authority	565,000	3.480
Darlington Consolidated School Corporation	56,000	3.740
Danville Sewage Revenue	250,000	
Evansville Redevelopment District	200,000	2.828
Floyd County Hospital	225,000	3.470
Fortville Sewage Revenue	308,000	4.344
Hancock County Hospital	425,000	2.917
Jefferson School	93,000	
Jefferson School	93,000	
Jefferson Township Civil Township	93,000	3.480
Jefferson Township School Township	93,000	3.480
Marion Airport	125,000	2.727
Marion Sewage Revenue	4,000,000	3.878
New Haven School Corporation	678,000	3.089
New Castle Improvement	157,000	3.160
New Albany County Building Authority	2,700,000	4.074
Noble Hospital	620,000	
Ogden Dunes Water Refund	285,000	4.682
Peru School	200,000	2.610
Rockville Consolidated School Corporation	750,000	3.978
South Bend School City	600,000	1.983
Sugar Creek Township Civil	11,000	3.480
Waterloo Township School	20,000	3.740
Waterloo Township Civil Township	20,000	3.740
Warsaw Sewage Revenue	348,000	
Andrews Sewage Revenue	327,000	4.730
Aurora School City	80,000	3.180
Aurora School Building Corporation	360,000	3.860
Berne Township School Corporation	70,000	2.950
Brown County Jail	40,000	3.230
Columbus School Corporation	698,000	3.248
Elkhart County Bridge	95,000	
Evansville Airport Authority	530,000	3.320
Greenwood Improvement	25,000	
Harrison School Corporation	150,000	2.940
Indianapolis Gas Revenue	10,000,000	3.599
Indiana State Fair Building	330,000	2.860
Liberty Civil Township	48,000	
Liberty School Township	65,000	
Luce School Township Building Corporation	470,000	
Middlebury School Corporation	56,000	3.000
Middle Civil Township	25,000	
Middle School Township	66,000	
Ross School Township	100,000	3.090
Second Perry Township School	2,900,000	4.102
Sullivan School City	98,000	2.582
Wash Township Civil Township	130,000	2.936
Wash Township School Township	130,000	2.936

Issuer	Amount	Net Interest Cost (%) *
IOWA		
Arlington Sewer	9,000	2.970
Arlington Sewer	16,000	
Callendar School District	14,000	3.129
Council Bluffs Street	115,000	
Council Bluffs Street	35,000	
Fort Dodge Street	182,000	2.467
Nevada Community School District	594,000	3.230
Ottumwa Street	62,000	3.862
Spencer Sewer	665,000	3.490
Traer	70,000	3.060
Waterloo Sewer	21,000	4.700
Waverly School District	404,000	3.172
West Union Street	61,000	3.080
West Union Street	57,000	3.875
Ballard School District	505,000	3.226
Britt Sewer	96,000	3.257
Chariton Construction	23,000	
Chariton Improvement	16,000	
Greene Fire	9,000	
Little Rock School District	140,000	3.273
Mason City Improvement	33,000	2.190
Marshalltown Sewer	440,000	2.984
Mason City Improvement	60,000	2.190
Newton Improvement Street	96,000	
Northwood School District	684,000	3.232
Pella School District	900,000	2.999
Russell School District	165,000	3.293
Springville School District	290,000	3.207
Van Horne School District	175,000	3.261
Anamosa Fire	15,000	4.750
Arlington Street	46,000	3.355
Arlington Improvement	51,000	4.745
Boone Street	58,000	
Buffalo Sewer	145,000	
Buffalo Sewer Revenue	145,000	
Centerville Street	11,000	4.475
Centerville Street	14,000	2.583
Dubuque Street	27,000	
Dubuque Street	6,000	
Iowa Falls Fire	20,000	2.488
Iowa City Paving	180,000	
Lewis School District	145,000	3.418
Lewis Township School District	120,000	3.446
Marshalltown Street	59,000	2.890
Marshalltown Street	42,000	4.250
Marion Street	18,000	3.920
Marion School District	210,000	3.289
Marcus School District	758,000	3.264
Moravia Waterworks	55,000	
Reinbeck School District	596,000	3.326
Rudd School District	750,000	3.374
Sioux City Bridge	600,000	2.817
Sioux City Flood Protection	2,350,000	3.200
Sioux City Street	250,000	2.593

Issuer	Amount	Net Interest Cost (%) *
IOWA (continued)		
Spencer Sewer	350,000	3.321
Strawberry Point School District	17,000	3.090
Waterloo Sewer	26,000	4.583
Waterloo Street	105,000	4.900
Walnut School District of Clive	160,000	3.522
Wall Lake School District	300,000	3.348
Williamsburg School District	185,000	3.128
Atlantic Street	23,000	
Atlantic Street	53,000	
Blakesburg School District	193,000	3.508
Bridgewater School District	400,000	3.496
Camanche School District	99,000	3.690
Cascade Sewer	15,000	2.780
Charles City Street	83,000	2.704
Charles City Street	48,000	4.000
Clinton Street	44,000	3.781
Clear Lake Street	12,000	2.557
Clear Lake Street	52,000	3.000
Council Bluffs Street	180,000	2.929
Council Bluffs Sewer	350,000	3.298
Council Bluffs Street	162,000	4.694
Correctionville Waterworks	37,000	4.500
Denver School District	95,000	3.557
Emmetsburg Swiming Pool	55,000	3.255
Garnavillo School District	390,000	3.503
Harmony School District	385,000	3.521
Lee Community Home	950,000	3.306
Le Claire Sewer Revenue	455,000	5.000
Lost Nation Sewer	27,000	3.941
Lost Nation School District	125,000	3.197
Lynnville Sewer	20,000	4.490
Missouri Valley Swimming Pool	70,000	3.340
Nevada Street	62,000	3.852
New London Water Revenue	110,000	43 59
Penn School District	140,000	3.563
Shenandoah Sewer	100,000	
Sibley School	60,000	3.587
Waterloo Sewer	27,000	4.900
Ames Hospital	160,000	3.892
Ankeny School District	225,000	
Bronson School District	155,000	3.510
Cedar Rapids Park	200,000	2.745
Cedar Rapids Airport	1,700,000	2.975
Center Point School District	118,000	3.652
Council Bluffs Sewer	92,000	4.694
Council Bluffs Sewer	125,000	2.888
Council Bluffs Water	440,000	3.600
Decorah Street	60,000	3.559
Dumont School District	150,000	3.496
Iowa City School District	730,000	3.005
Lake School District	49,000	3.724
Mount Vernon School District	156,000	3.424
Nashua School District	625,000	3.481
Perry Sewer	90,000	

Issuer	Amount	Net Interest Cost (%) *
IOWA (continued)		
Red Oak Sewer Revenue	225,000	3.396
Rockwell Sewer	80,000	2.750
Tri Center School District	585,000	3.394
West Des Moines School District	370,000	3.627
Woodbine School District	550,000	4.100
Altoona Improvement	53,000	3.480
Amana School Township	100,000	3.483
Altoona Improvement	31,000	3.900
Central Webster School District	480,000	3.470
Churdan Library	9,000	3.000
Des Moines Park	36,000	1.980
Indianola Electric Revenue	360,000	3.300
Newton Street	100,000	2.962
Oelwein Sewer	35,000	3.586
Orange School District	250,000	3.477
Ottumwa Flood Protection	350,000	3.517
Sioux City Sewer Revenue	350,000	3.739
Sioux City Sewer Revenue	2,800,000	3.739
Waterloo Sewer	1,000,000	3.057
KANSAS		
Brookville Waterworks	15,000	
Burns Sewer	34,000	
Courtland Street	18,000	
Eskridge Street	78,000	
Fontana Waterworks Revenue	15,000	
Fontana Waterworks	39,000	
Grove County Hospital	215,000	
Grinnell Improvement	29,000	
Lawrence Improvement	652,000	2.590
Lindsborg School Building	425,000	
Mayetta Waterworks	56,000	
Mayetta Waterworks Revenue	14,000	
Mission Street	175,000	
Minneapolis Electric Revenue	205,000	
Mission Hills City Hall	170,000	2.604
Netawaka	54,000	
Newton Board of Education	260,000	
Rantoul	34,000	
Santanta Sewer	22,000	
Sabetha Electric Revenue	270,000	
Elk County	120,000	
Garnett Electric Revenue	280,000	
Independence Improvement	77,000	
Newton Sewer	156,000	
Topeka School District	2,000,000	2.958
Anthony Electric Revenue	400,000	
Beloit Street and Sewer	72,000	
Colwich Improvement	43,000	
Conway Springs	124,000	
Domiphan County School District 104	98,000	
Effingham Gas	117,000	
Effingham Gas Revenue	41,000	
Great Bend	250,000	

Issuer	Amount	Net Interest Cost (%) *
KANSAS (continued)		
Kansas City Improvement	79,000	2.547
Leaverworth County School District	100,000	
Leavenworth County School District	130,000	
Manhattan Cemetery	51,000	2.586
Manhattan Storm Sewer	55,000	2.586
Manhattan Improvement	137,000	2.586
Ogden Improvement	96,000	
Ogden Improvement	10,000	
Olpe Sewer	43,000	
Oxford Improvement	130,000	
Sedwick County Flood Control	526,000	
Winnfield Improvement	28,000	
Wyandotte County Road	68,000	
Hays Street	369,000	2.722
Kingsman Electric System Revenue	380,000	
Lancaster Gas System	37,000	
Salina Improvement	1,132,000	3.264
Shawnee Main Sewer District	1,000,000	3.529
Clay County High School District	1,250,000	3.223
Hill City Electric and Waterworks	619,000	
Johnson County High School District 6	2,000,000	3.268
Johnson County Joint School District 4	40,000	
Lincoln County Fire	12,000	
McPherson Board of Education	1,400,000	3.291
Munden Waterworks	9,000	
Neosho County Courthouse	290,000	
Paola Street	85,000	
Shawnee High School District 6	2,000,000	
Stanton County Hospital	250,000	
Wichita Street and Sewer	2,224,000	2.647
Enterprise Sewage	38,000	
Hays Sewer	39,000	2.719
Leavenworth County School District 10	120,000	
Pratt County School District 30	650,000	3.606
Shelden Improvement	57,000	
Shawnee County School District 24	18,000	
Shawnee High School District 10	654,000	
Wamego	65,000	
KENTUCKY		
Christian County School Revenue	545,000	3.000
Louisville School Revenue	4,800,000	3.435
Morehead State College of Kentucky	1,425,000	4.046
Winchester Utility Revenue	175,000	3.937
Crittenden County School Revenue	180,000	3.991
Edgewood Sewer Revenue	200,000	4.415
Elizabethtown School Revenue	250,000	
Kentucky Turnpike Authority	17,800,000	4.858
Kentucky Turnpike Authority	21,200,000	4.858
Lexington Improvement	255,000	4.500
Lexington Sewer	133,000	
Louisville Various	2,080,000	3.156
Russell School Revenue	1,150,000	4.330
Wickliffe Water Revenue	138,000	

Issuer	Amount	Net Interest Cost (%) *
KENTUCKY (continued)		
Bullitt County School Revenue	180,000	3.743
Campbell County	750,000	5.526
Campbell County School Revenue	515,000	4.290
Clinton County School Revenue	220,000	4.230
Corbin School	96,000	
Glassgow Water and Sewer Revenue	590,000	3.704
Greenburg Water and Sewer Revenue	550,000	4.444
Green County Hospital	120,000	
Hopkins County Hospital Corporation	215,000	5.000
Kentucky Veterans	100,000,000	3.638
Barbourville Housing	54,000	
Cumberland County School Revenue	40,000	
Estill County School Revenue	157,000	
Greenville School Revenue	72,000	3.606
Jefferson County School Revenue	1,715,000	
Lewis County School Revenue	650,000	
Letcher County School Revenue	350,000	
Letcher County School Revenue	350,000	4.600
Maysville Parking Revenue	40,000	3.840
Monroe County School District	73,000	4.268
Wayne County School Revenue	150,000	4.195
Allen County School Revenue	145,000	4.071
Barren County School District	145,000	3.329
Campbell County Water District	250,000	4.112
Erlanger School Revenue	450,000	4.186
Fayette County School Revenue	350,000	3.644
Jefferson County School Revenue	595,000	3.708
Lexington Improvement	150,000	
Lexington Sewer	135,000	4.500
Magoffin County School Revenue	480,000	4.644
Murray School Revenue	165,000	3.551
Newport Urban Renewal	375,000	3.680
Owensboro Power Revenue	25,000,000	3.965
Ballard County School Revenue	240,000	
Berea Sewer Refund Revenue	600,000	4.193
Campbellsville Water and Sewer	780,000	4.432
Corbin Sewer Revenue	800,000	4.130
Fleming County Hospital	245,000	3.480
Hazard School Revenue	600,000	4.735
Irvine School Revenue	125,000	4.610
Kentucky General Obligation	10,000,000	3.471
Kentucky Highway	15,000,000	3.604
Kentucky Turnpike Authority Revenue	20,000,000	4.928
Kentucky Turnpike Authority Revenue	98,000,000	4.928
Lexington Improvement Corporation Revenue	450,000	
Murray State College Revenue	14,000,000	4.100
Murray State College Housing Revenue	415,000	
Newport Waterworks Revenue	3,000,000	4.157
Owensboro School Revenue	175,000	
Powell County School Revenue	184,000	
Stanford Water Revenue	75,000	

Issuer	Amount	Net Interest Cost (%) *
LOUISIANA		
Acadia Jail	300,000	2.875
Bernice Sewage	65,000	4.010
Bernice Water and Sewer	174,000	4.430
Bernice Water and Sewer Revenue	11,000	3.817
De Quincy Improvement	20,000	3.930
De Quincy Improvement	173,000	3.930
De Quincy Improvement Sewer District 1	157,000	3.940
Houma Improvement	250,000	3.430
Jefferson Park Paving	299,000	4.092
Jefferson Park Paving	58,000	4.092
Lake Charles School	1,000,000	3.680
Lincoln School District 1	1,800,000	3.647
Lincoln School District 6	40,000	3.790
Livingston School District 32	150,000	3.917
Morgan City Water and Electric	2,100,000	3.853
New Iberia Paving	708,000	3.946
Port of New Orleans	17,000,000	3.774
St. Landry Fire Protection District 3	110,000	3.080
Terrebonne Recreation District	105,000	3.470
Winnsboro Utility Revenue	225,000	4.180
Winnsboro Improvement	225,000	3.930
Winnsboro Sewer District 1	275,000	3.930
Bossier School District 3	300,000	3.532
Cameron Road	200,000	3.593
Grand Cateau Improvement	25,000	3.849
Iberville Road	500,000	3.780
Jennings Paving	116,000	3.720
Monroe Improvement	1,675,000	3.528
Rapides School District 50	589,000	3.150
St. Bernard School District 1	2,000,000	3.683
Tangipahoa High School District	200,000	3.792
Beauregard School District	1,950,000	3.557
Grtr Baton Rouge Point	2,000,000	3.397
Houma Utility Revenue	1,300,000	3.651
Houma Improvement	700,000	3.535
Iberia Improvement	300,000	3.625
Jefferson 4th Drainage District	1,000,000	3.676
Morgan City Street	126,000	3.859
New Orleans Paving	800,000	3.694
Plaquemines Levee	1,500,000	3.657
Plaquemines Levee	2,500,000	3.657
St. Joseph Sewer	86,000	3.809
Chatham Sewerage	24,000	4.181
Chatham Utility Revenue	48,000	4.309
Chatham Utility Revenue	130,000	4.542
Erath Housing	22,000	
Jefferson Street	44,000	
Kinder Improvement	30,000	3.965
Kinder Improvement	53,000	3.965
Kinder Paving	93,000	4.207
Livingston School District	175,000	3.889
Livingston School District	145,000	3.929
Louisiana Building Commission	1,000,000	3.612
Mamou Improvement	15,000	3.786

Issuer	Amount	Net Interest Cost (%) *
LOUISIANA (continued)		
Shreveport Various	3,900,000	3.409
Shreveport Water and Sewer Revenue	1,500,000	3.388
St. Charles School District 1	500,000	3.679
Calcasieu School District 29	460,000	3.775
Chatham Sewer	24,000	
Chatham Utility Revenue	48,000	
Chatham Utility Revenue	30,000	
Covington Paving	170,000	3.620
Houma Paving	210,000	3.738
Kaplan Paving	132,000	3.662
Lafayette Sewer District 1	385,000	3.779
Lafayette Sewer District 1	1,067,000	3.569
Leesville Improvement	21,000	4.500
Natchitoches Paving	417,000	3.743
New Orleans Water Revenue	1,500,000	3.389
Pineville Improvement	287,000	4.150
Rapides School District 52	195,000	3.977
Rapides School District 52	232,000	3.243
Rapides Drainage District 2	287,000	4.152
Rapides School District 11	545,000	3.866
Sabine School District 61	125,000	3.846
Terrebonne Improvement	1,200,000	3.713
Terrebonne Water District 3	250,000	3.750
Vermillion Improvement	110,000	
Vermillion School District 2	350,000	3.860
Vidalia Utility Revenue	550,000	3.939
West Monroe Paving	223,000	3.620
Bogalusa Improvement	500,000	3.789
Caldwell Water District	17,000	
Caldwell Water District	30,000	
Franklin Electric and Waterworks	1,500,000	3.830
Jeanerette Paving	91,000	3.749
Jeanerette Paving	41,000	3.749
Lake Charles Harbor District	7,000,000	3.780
Louisiana Building Commission	14,000,000	3.700
Ouachita Jail	300,000	2.490
Rapides School District 9	30,000	3.582
Sabine School District 17	15,000	
Sabine Road District 9	30,000	
Vernon School District 145	185,000	3.923
MAINE		
Lewiston School and Improvement	1,850,000	3.330
Old Town Water District	800,000	3.950
Rockland Administration District 5	1,250,000	3.630
Bridgton School	265,000	3.660
Chesterville School Administration District 9	48,000	3.230
Danforth School Administration District 14	111,000	4.490
Kennebunk Water District	300,000	3.835
Hampden School District	330,000	6.570
Portland Water District	1,000,000	3.362
Augusta Sewerage District	800,000	3.710
Gardiner School Administration District 11	1,680,000	3.700
Portland Improvement	1,275,000	3.020

Issuer	Amount	Net Interest Cost (%) *
MARYLAND		
Maryland School	1,393,000	2.719
Maryland Sewage	1,000,000	2.719
Maryland Port Authority	2,000,000	2.719
Maryland General Obligation	1,832,000	2.719
Maryland General Obligation	4,498,000	2.719
Maryland General Obligation	9,580,000	2.719
Montgomery County School	10,410,000	3.492
Montgomery County Fire	290,000	3.492
Montgomery County Parking	100,000	3.492
Montgomery County Parking	100,000	3.492
Montgomery County Parking	100,000	3.492
Somerset County School	300,000	3.317
Baltimore Redevelopment	2,500,000	3.123
Baltimore Civic Center	3,900,000	3.123
Baltimore Water	5,400,000	3.123
Baltimore Sewer	5,400,000	3.123
Baltimore School	7,600,000	3.123
Baltimore Conduit	400,000	3.123
Baltimore Recreation and Park	850,000	3.123
Baltimore Recreation and Park	250,000	3.123
Baltimore Police	700,000	3.123
Baltimore Conduit	450,000	3.123
Baltimore Health Building	1,000,000	3.123
Baltimore Fire	1,250,000	3.123
Baltimore City Jail	1,500,000	3.123
Baltimore Urban Renewal	1,300,000	3.123
Prince Georges Library	500,000	3.285
Prince Georges Hospital	750,000	3.285
Prince Georges Building	750,000	3.285
Prince Georges Park	400,000	3.285
Prince Georges Road	1,000,000	3.285
Prince Georges School	8,000,000	3.285
Washington Suburban Sanitary District	2,000,000	3.369
Washington Suburban Sanitary District	5,000,000	3.369
Rockville Improvement	525,000	3.171
Rockville Improvement	700,000	3.171
Wicomico County Service District	300,000	
Wicomico County School	1,500,000	
Dorchester County School	1,000,000	3.570
Harford County School	3,500,000	3.518
Harford County Building	500,000	3.517
Maryland State Roads Commission	15,000,000	3.406
Washington Suburban Sanitary District	3,000,000	3.369
MASSACHUSETTS		
Avon School District	462,000	3.510
Avon School District	160,000	3.510
Clinton Water	950,000	3.313
Holliston School	880,000	3.520
Lawrence Street	250,000	3.180
Lawrence Sewer	200,000	3.180
Lawrence Equipment	100,000	3.180
Silver Lake School District	425,000	2.970
Taunton General Obligation	33,000	2.460

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Issuer	Amount	Net Interest Cost (%) *
MASSACHUSETTS (continued)		
Westminster Water	125,000	3.240
Dalton Sewer	695,000	3.350
Marlborough School	2,930,000	3.210
Marlborough School	50,000	3.210
Marlborough Parking	20,000	3.210
Marlborough Highway	120,000	3.210
Marlborough Sewer	85,000	3.210
Marlborough Water	295,000	3.210
Maynard Building and Library	310,000	3.280
South Hadley School	1,311,000	3.061
Sudbury Water District	35,000	3.130
West Boylston School	535,000	3.190
Wellesley School	100,000	2.460
Woburn School	2,500,000	2.950
Danvers School	800,000	3.120
Danvers Water	305,000	3.120
Fairhaven School	227,000	2.844
Lunenburg School	150,000	2.538
Massachusetts Sewerage	2,750,000	3.497
Massachusetts Sewage District	2,750,000	3.497
Massachusetts Charles Road Improvement	600,000	3.497
Massachusetts Beach Erosion	500,000	3.497
Massachusetts Capital Outlay	8,000,000	3.497
Massachusetts Capital Outlay	10,000,000	3.497
Massachusetts Capital Outlay	2,000,000	3.497
Massachusetts Highway	20,000,000	3.497
Massachusetts Water District	4,747,000	3.497
Massachusetts Water District	7,450,000	3.497
Massachusetts Water	500,000	3.497
Massachusetts Recreation	2,000,000	3.497
Massachusetts Recreation	1,250,000	3.497
Newburyport Water	210,000	3.154
Northern Berkshr School District	1,474,000	3.050
Wood Hole Steamship Authority	150,000	3.970
Worcester Airport	200,000	2.930
Worcester Flood Protection	500,000	2.930
Worcester Building Library	2,800,000	2.930
Worcester Parking	100,000	2.930
Berlin Regular School District	80,000	3.600
Berlin Regular School District	1,335,000	3.600
Boston Metropolitan District	1,196,000	3.591
Boston Metropolitan District	2,122,000	3.591
Burlington Water District	45,000	3.390
Burlington Water District	106,000	3.390
Chelmsford School	750,000	3.460
Chelmsford School	200,000	3.460
Chelsea Building	225,000	2.904
Easthampton School	500,000	3.120
Easthampton School	900,000	3.120
Malden Urban Renewal	500,000	3.022
Methuen Water	28,000	-
Randolph School	345,000	3.350
Tyngsborough School	150,000	3.490
Wakefield School	100,000	

Issuer	Amount	Net Interest Cost (%) *
MASSACHUSETTS (continued)		
Agawam School	290,000	3.050
Agawam Sewer	215,000	3.050
Brockton Pavement	200,000	2.670
Brokton Sidewalk	100,000	2.670
Brockton Water	125,000	2.670
Brockton Drain and Sewer	300,000	2.670
Brockton Water	225,000	2.670
Chicopee School	300,000	3.050
Chicopee Swimming Pool	150,000	3.050
Chicopee Sewer	100,000	3.050
Clinton Sewer	200,000	3.240
East Bridgewater Water	34,000	2.480
Edgartown Beach	48,000	2.820
Framingham Sidewalk	220,000	2.930
Framingham Sewer	180,000	2.930
Framingham Water	950,000	2.930
Marshfield Water	134,000	2.990
Middleborough Water	315,000	3.160
N. Attleborough Water	70,000	2.780
N. Attleborough Sewer	50,000	2.780
Salem School	645,000	2.940
Salem Pavement	125,000	2.940
Salem Incinerator	750,000	2.940
Stoughton Water	55,000	2.400
West Bridgewater Library	45,000	3.210
West Bridgewater School	290,000	3.210
West Bridgewater School	188,000	3.210
Abington Water	49,000	3.090
Burlington Drainage	93,000	3.050
Canton School	390,000	3.393
Canton Water	45,000	3.393
Dover School	180,000	3.130
Holden School	250,000	2.990
Leonminster Sewer	90,000	3.231
Marblehead School	245,000	2.963
Marblehead Water	80,000	2.963
Marblehead Sewer	235,000	2.963
Malden Sidewalk	153,000	2.490
New Bedford School	720,000	3.350
New Bedford Highway	300,000	3.360
New Bedford Development	217,000	3.350
New Bedford Harbor	500,000	3.350
New Bedford Sewer	260,000	3.350
Peabody School	220,000	3.320
Peabody Hospital	650,000	3.320
Pembroke Water	88,000	2.740
Quincy School	300,000	3.140
Quincy Street	150,000	3.140
Quincy Sewer	100,000	3.140
Rockland School	220,000	2.960
Springfield Street	2,000,000	3.010
Springfield School	4,000,000	3.010
Sudbury Land	140,000	2.940

Issuer	Amount	Net Interest Cost (%) *
MASSACHUSETTS (continued)		
Westfield School	1,507,000	3.107
Westfield Water	718,000	3.107
Wrenthom Water...	105,000	3.240
MICHIGAN		
Adams School District	45,000	3.382
Albion Water Revenue	340,000	3.251
Berkley School District	900,000	3.785
Beecher School District	995,000	2.888
Bloomfield Street	23,000	
Bloomfield Sewer	32,000	
Bloomfield Sewer	103,000	
Brownstown Water	137,000	4.703
Detroit Street	220,000	
Drummond School District 5	120,000	3.420
Erie Special Road District 1	50,000	3.177
Genesee School District	320,000	4.052
Grand Rapids Street	120,000	2.131
Grand Rapids Sewer	135,000	2.127
Harper Woods Storm Sewer	540,000	3.201
Holland Sewage	1,600,000	3.266
Howell School District	1,250,000	3.519
Jackson County Medical Care	1,750,000	2.592
Livonia School District	4,440,000	4.025
Madison Heights Street	90,000	
Madison Heights Street	50,000	
Mendon School District	470,000	3.834
Midland Street	61,000	2.408
Midland Water	36,000	2.408
Midland Sewer	104,000	2.408
New Haven School District	450,000	4.129
North Muskegon Water and Sewer	95,000	3.699
Oakland County Sewage	165,000	5.990
Oak Park Building Authority	350,000	3.753
Roseville Fire	399,000	3.638
Saginaw State Special Assessment	470,000	2.949
Saginaw Highway and Bridges	2,840,000	2.949
Saginaw Sewer	685,000	2.949
Saginaw Sewer Special Assessment	56,000	2.949
Saginaw Improvement	432,000	2.949
Saginaw Improvement	349,000	2.949
Schoolcraft School District 50	395,000	3.881
South Haven Water District 1	18,000	3,750
South Haven Water District 2	20,000	3.750
Sturgis School District	1,000,000	2.931
Superior School District 14	525,000	4.278
Warren Street	290,000	3.051
West Bloomfield School	189,000	3.234
Allen Park Highway	247,000	2.273
Carrollton School District	900,000	3.819
Carson City Water Revenue	50,000	2.692
Coldwater Highway	250,000	3.125
Concord School District	135,000	3.772
Flint Water	30,000	2.529

Issuer	Amount	Net Interest Cost (%) *
MICHIGAN (continued)		
Flint Sewer	24,000	2.529
Flint Street	515,000	2.529
Greenville Sewage	300,000	3.391
Grosse Ile Town Hall	150,000	2.858
Hart School District 14	205,000	3.845
Hart School District 14	665,000	3.845
Lathrup Village Sewer	230,000	3.909
Meridan Sewer	1,500,000	3.930
Muckegon Storm Sewer	550,000	3.128
New Lothrop Water	30,000	3.948
Riverview Street	24,000	3.485
Roseville School District	2,000,000	3.877
Southgate Alley Improvement	45,000	2.453
St. Ignace School District	980,000	4.069
Wayne Paving	51,000	3.018
Wayne Paving	57,000	3.018
Wayne County Drainage District 2	1,715,000	3.843
Ann Arbor City Hall	2,275,000	3.421
Beverly Hills Sewer	140,000	3.581
Beverly Hills Sewer	555,000	3.581
Big Rapids Highway	92,000	3.241
Big Rapids Street	136,000	2.651
Bloomfield Hills Sewer	1,330,000	3.778
Buchanan Water and Sewer	385,000	3.974
Center Line School District	2,500,000	3.932
Cement City Rural Agricultural School Diatrict	99,000	4.069
Coloma School District	288,000	3.352
Detroit Sewer	7,000,000	3.557
Detroit Lighting	600,000	3.503
Detroit Improvement	1,600,000	3.503
Detroit Improvement	1,620,000	3.503
Detroit Highway	1,250,000	2.987
Detroit Street	296,000	2.500
Detroit Rehabilitate	1,000,000	3.558
Detroit Rehabilitate	1,500,000	3.558
Detroit Rehabilitate	1,400,000	3.558
Detroit Rehabilitate	745,000	3.558
Detroit City School District	10,000,000	3.740
Detour School District 3	80,000	4.736
Detour School District 3	320,000	4.736
Eau Claire Public School District 53	250,000	3.964
Gobles School District	275,000	3.331
Kalamozoo Street	245,000	2.679
Lawton Sewage	125,000	
Lawton Sewage Revenue	175,000	
Montrose Water Revenue	50,000	3.989
Oakland County Sewage	555,000	3.984
Oakland County	169,000	2.979
Traverse City Storm Sewer	49,000	2.665
Traverse City Storm Sewer	80,000	2.665
Trenton Street	60,000	2.864
Utica School District	3,980,000	3.912
Wayne County Road	1,000,000	2.500
White Cloud Sewage	150,000	4.168

Issuer	Amount	Net Interest Cost (%) *
MICHIGAN (continued)		
Baraga County Hospital	190,000	2.587
Belleville Street	33,000	3.427
Belleville Street	45,000	3.427
Bloomfield Hills School District 2	4,135,000	3.523
Center Line Sewer	1,075,000	4.063
Center Line Water and Sewer Revenue	395,000	2.185
Cheboygan Housing	65,000	
Clawson Library	135,000	4.115
Dearborn Parking District	215,000	2.792
Dearborn Parking Revenue	576,000	
Garden City Recreation	550,000	4.283
Grandville School District	360,000	3.620
Haslett School District	550,000	4.057
Hazel Park Special Assessment	35,000	3.029
Hazel Park Special Assessment	30,000	3.029
Harrison Water	19,000	3.500
Hartland School District	18,000	
Inkster New Housing	1,515,000	3.493
Lawrence School District	175,000	4.015
Lawrence School District	715,000	4.015
Lincoln Park Street	103,000	3.291
Luce County Road	60,000	
Mackinac County Road	65,000	4.385
Michigan State University Agricultural &Science	1,730,000	
Michigan Highway Revenue	25,000,000	3.739
Mount Clemens Rehabilitation	300,000	3.882
Monterey School District 9	15,000	4.371
Owosso School District	150,000	3.630
Owosso School	3,720,000	
Owosso School District	3,720,000	3.630
Wolverine School District	130,000	3.867
Ann Arbor Sewer	44,000	2.745
Ann Arbor Storm Sewer	48,000	2.745
Ann Arbor Sewer	73,000	2.745
Ann Arbor Storm Sewer	206,000	2.745
Delhi Sewer	644,000	4.919
Delhi Sewage Revenue	855,000	4.997
Grand Rapids Sewer Revenue	3,000,000	3.289
Grand Rapids Water Revenue	9,650,000	3.321
James Couzens School District	650,000	3.958
Kockville School District 7	125,000	4.013
Lake Fenton School District 25	30,000	3.249
Monroe Storm Sewer and Street	34,000	2.740
Monroe Street	85,000	2.740
Oakland County Drain District	3,038,000	3.821
Owosso Street	64,000	2.365
Perry School District	350,000	3.964
Port Huron Street	148,000	2.865
Port Huron Sewer	10,000	2.865
Port Huron Street	125,000	2.865
Port Huron Sewer	31,000	2.865
Riverton School District 2	35,000	3.688
Troy Sewer	64,000	3.172
Van Dyke School District Refunding	1,500,000	3.908

Issuer	Amount	Net Interest Cost (%) *
MICHIGAN (continued)		
Warren School District	2,750,000	3.737
Waterford Sewer	18,000	3.000
Zeeland School District 46	290,000	2.803
Beach Sphool District	200,000	3.230
Big Rapids Water Revenue	90,000	4.089
Carrollton School District	400,000	3.950
Claybanks School District 3	12,000	4.000
Constantine Water Revenue	300,000	4.308
Ecorse Paving	17,000	3.000
Farmington School District	1,500,000	3.949
Fraser Sewer	155,000	3.247
Grosse Pointe Woods	202,000	2.236
Grand Haven Water Revenue	800,000	3.821
Ionia School District	82,000	2.372
Laurium Water Revenue	31,000	3.500
Lowell School District	300,000	3.065
Mackinac Island High School	29,000	3.842
Pontiac School District	500,000	1.000
Portage State Assessment	33,000	
Rockford Improvement	47,000	2.645
Rochester Water and Sewer	350,000	4.161
Warren Woods Public School District	1,560,000	3.956
Wayne County Sewage Revenue	582,000	3.963
Woodhull School District 3	30,000	3.861
Ypsilanti Sewer	350,000	3.077
MINNESOTA		
Anoka School District 11	1,000,000	3.902
Fairfax Water and Sewer	49,000	3.570
Hastings Fire	85,000	3.510
Minneapolis Sports	2,000,000	2.998
Minneapolis Airport	2,200,000	3.044
Moorehead Library	395,000	3.703
Plymouth Road	75,000	3.099
Springfield School District 85	225,000	3.475
Wells Sewage	190,000	3.645
Winger School District 607	35,000	4.008
Wood Lake School District 896	34,000	3.900
Bloomington School District 271	980,000	4.145
Burnsville School District 191	491,000	3.435
Buhl Sewage	112,000	3.487
Clarks Grove Waterworks	15,000	
Elk River School District 728	750,000	3.889
Faribault Hospital	57,000	2.877
Fridley School District 16	315,000	4.150
Medford School District 763	249,000	3.635
Minneapolis Special School District 1	2,000,000	2.548
Pine Bend School District 199	250,000	3.634
Saint Francis School District 15	45,000	4.760
Waconia School District 110	280,000	
Waconia School District 110	650,000	3.708
White Bear Lake School District 624	600,000	3.943
Arden Hills Sewer	400,000	4.220
Arden Hills Street	37,000	4.106

Issuer	Amount	Net Interest Cost (%) *
MINNESOTA (continued)		
Austin Parking	200,000	3.210
Blaine Water	533,000	4.141
Brandon Water	22,000	3.208
Brandon Street	22,000	3.208
Fridley Waterworks and Street	1,460,000	4.253
Hugo Waterworks Improvement	160,000	4.322
Mabel Nursing Home	225,000	3.813
Melrose Hospital Revenue	185,000	4.965
Morris Sewage	340,000	3.373
Mounds View School District 621	750,000	4.158
Nicollet County Ditch	140,000	3.135
North St. Paul School District 622	1,000,000	3.943
Silver Bay Building Revenue	150,000	4.848
St. Paul Flood Control	700,000	3.350
St. Paul Improvement	1,474,000	3.340
St. Paul School	6,210,000	3.360
St. Paul Highway	1,250,000	3.128
St. Paul Waterworks	1,000,000	3.340
Wayzata School District 284	875,000	3.813
Wykoff Sewer	225,000	
Wykoff Sewer	260,000	4.691
Appleton School District 784	625,000	3.710
Belgrade Building Revenue	65,000	4.233
Big Lake School District 727	303,000	4.019
Browns Valley School District 801	300,000	4.254
Clarkfield	40,000	3.532
Crookston School District 593	1,100,000	3.808
Fertile School District 599	379,000	4.103
Fergus Falls Water Revenue	240,000	3.678
Hanska School District 87	266,000	
Hennepin County Park Residents District	300,000	2.723
Minneapolis Sports Arena	1,500,000	3.106
Minneapolis Bridge	175,000	2.522
Minneapolis Sewer	100,000	2.522
Minneapolis Street	440,000	2.522
Minneapolis Storm Drain	675,000	2.522
Minneapolis Park	655,000	2.522
Minneapolis Fire	515,000	2.522
Minneapolis Building	450,000	2.522
New Hope Building	75,000	4.574
Northfield Water Revenue	425,000	3.699
Rochester General Obligation	1,175,000	3.090
Rochester Improvement	600,000	3.090
Slayton Sewer	15,000	3.357
St. Anthony School District 282	750,000	4.284
Wadena School District 819	225,000	3.700
Wayzata Water	105,000	3.662
Wabasha Fire	18,000	4.000
Willer Waterworks	110,000	
Windom Airport Revenue	8,000	6.000
Adrian Electric Revenue	100,000	3.666
Annandale School District 876	150,000	3.680
Bloomington School District 271	1,400,000	3.994
Bloomington School District 271	1,400,000	3.994

Issuer	Amount	Net Interest Cost (%) *
MINNESOTA (continued)		
Ceylon School District 451	40,000	2.880
Clarissa School District 789	225,000	4.109
Detroit Lakes School District 22	400,000	3.310
Dodge County Grand Stand	30,000	2.800
Earl Brown School District 286	850,000	4.184
Easton Improvement	26,000	3.762
Glencoe Light and Power Revenue	175,000	2.648
Goodhue School District 253	310,000	4.781
Jackson Hospital	275,000	3.572
Luverne Sewer	110,000	2.587
Mankato Improvement	300,000	2.907
Moscow Mills Waterworks	51,000	
Montgomery Sewer	77,000	2.955
Mora Improvement	134,000	3.655
North Branch School District 138	398,000	3.891
Paynesville School District 741	398,000	3.758
Pine Grove School District 199	400,000	3.790
Rochester School District 1342	100,000	3.732
Spring Valley Fire	18,000	2.680
Spring Valley Improvement	60,000	3.430
St. Paul School District 833	800,000	3.907
St. James Improvement	140,000	1.890
Waterville Street	85,000	3.457
Ada School District 521	190,000	3.786
Adrian Sewage	140,000	4.100
Blaine Water	250,000	4.268
Claremont Fire	10,000	3.250
Crystal Park	225,000	4.070
Forest Lake School District 831	365,000	3.908
Gilbert Waterworks	180,000	4.084
Hastings Improvement	107,000	3.089
Hastings Water Revenue	125,000	4.065
Internatl Falls Waterworks	236,000	3.759
Lacrescent Improvement	50,000	3.700
Milaca School District 912	580,000	4.097
Morristown School District 657	310,000	3.972
North St. Paul Improvement	200,000	4.075
Redwood County Drainage	142,000	3.208
Robbinsdale School District 281	975,000	3.881
Roseau Area Hospital District	380,000	4.411
Rodkford Village	23,000	4.307
Shoreview Sewer	600,000	4.226
Shoreview Park	18,000	3.296
Sibley County Drainage	327,000	3.420
St. Louis Park School District 283	1,000,000	3.723
St. Joseph Sewer	310,000	4.220
Thief River Flood Improvement	100,000	3.869
Vesta Building	20,000	3.388
Warren Gas Revenue	250,000	5.025
MISSISSIPPI		
Gulfport Sewage	750,000	3.828
Hattiesburg School District	1,835,000	3.600
Hazlehurst Waterworks Revenue	467,000	4.290

Issuer	Amount	Net Interest Cost (%) *
MISSISSIPPI (continued)		
Jackson County Courthouse	150,000	3.034
Lafayette County Supervisors District 1	250,000	3.838
Louisville Municipal School District	750,000	3.845
Mathiston Industrial	100,000	3.986
Noxubee County Supervisors District 3	300,000	3.800
Wesson Waterworks	60,000	3.802
Calhoun City Water and Sewer Revenue	123,000	
Corinth Waterworks	100,000	
Corinth Sewer	550,000	
Harrison County Harbor	3,000,000	3.660
Jackson Street	810,000	2.981
Jackson Municipal Special School District	2,800,000	3.610
Jackson Improvement	2,000,000	3.610
Maben Waterworks	35,000	3.940
Magnolia Sewer Revenue	260,000	
Oktibbeha County Wide School District	300,000	3.691
Pontotoc Waterworks	30,000	
Stone County Health Center	25,000	
Union County School District 3	425,000	
Artesia Water	16,000	
Como Sewer	125,000	
Corinth Sewer	550,000	
Corinth Waterworks	100,000	
Forest County	175,000	2.650
Hazlehurst Sewer	395,000	3.916
Lee County Road and Bridge	1,000,000	3.472
Long Beach	135,000	3.317
Marshall County Supervisors District 3	51,000	
Ruleville Industrial	50,000	3.679
Starkville Industrial	300,000	
Tate County School District	300,000	3.635
Water Valley School District	325,000	
Aberdeen Water and Sewer	50,000	
Amory Housing	70,000	
Chickasaw County School District 3	400,000	
Clinton Street	109,000	
Copiah County Hospital	200,000	
Copiah County Supervisors District 85	75,000	
Durant Improvement	30,000	3.401
Jackson County Nurses Home	55,000	3.544
Leland Sewer	160,000	
Mississippi Stadium	900,000	3.395
Monroe County Supervisors District	75,000	3.744
Newton County Supervisors District 85	35,000	
Pontotoc Street	94,000	3.400
Tate County Road	100,000	
Wayne County Supervisors District 3	25,000	3.195
Wayne County Supervisors District 5	25,000	3.195
Wayne County Supervisors District 4	25,000	3.195
Wayne County Supervisors District 2	25,000	3.195
Wayne County Supervisors District 1	25,000	3.195
Biloxi Jail	50,000	
Calhoun County	15,000	
Como Sewerage	125,000	

Issuer	Amount	Net Interest Cost (%) *
MISSISSIPPI (continued)		
Eupora Improvement	50,000	
Itawamba County Industrial	250,000	3.735
Kemper County Road and Bridge	150,000	
Lincoln County Road and Bridge	386,000	2.835
Marshall County Road and Bridge	65,000	
Osyka Improvement	32,000	
Oxford Street	135,000	
Oxford Improvement	50,000	
Pearl Valley Water District	4,400,000	3.970
Pearl Valley Water District	4,400,000	3.900
Phila Municipal Special School District	150,000	
Crowder Waterworks Revenue	87,000	
Deer Creek Natural Gas District	83,000	
Delta Natural Gas District	84,000	
Forest Industrial	60,000	3.580
Greenwood Electric Revenue	1,600,000	3.671
Holmes County Supervisors District 3	30,000	
Jackson Coliseum	1,500,000	3.831
Lauderdale County Supervisors District 5	100,000	
Macon Street	50,000	
Marks Street	140,000	
Morton Industrial	80,000	
Newton Airport	18,000	3.375
Oktibbeha County Hospital	125,000	
Rienzi Street	11,000	4.500
Tate County Industrial	1,500,000	3.368
Yazoo City Street	350,000	
MISSOURI		
Buchanan County School District R3	200,000	
Fulton Electric Revenue	180,000	
Greene County School District R 111	265,000	
Howell County School District R 3	260,000	
Independence School District	1,200,000	3.048
Mexico School District Audrain County	187,000	
St. Louis County Improvement	2,447,000	3.046
St. Louis County School District R2	2,000,000	3.310
St. Louis County School District	120,000	
Jackson County School District 1	555,000	
Lees Summit Waterworks and Sewer	1,553,000	4.540
Charleston Water and Sewer	250,000	3.660
Clayton Improvement	525,000	3.257
Crystal City School District	450,000	3.534
Frohna Waterworks	35,000	
Grundy County School District R9	495,000	3.031
Monroe County School District R2	580,000	
Monroe City Waterworks	68,000	
North Kansas City School District	2,000,000	3.214
Ofallon Improvement	260,000	
Riverview Gardens School District	740,000	3.706
Shannon School District R 8	48,000	
Vandalia Waterworks and Sewer	395,000	
Welleston School District	1,650,000	3.585
Brentwood School District	660,000	3.398

Issuer	Amount	Net Interest Cost (%) *
MISSOURI (continued)		
Manchester Sewage	560,000	3.626
St. Louis County School District 9	1,225,000	3.363
St. Louis	3,500,000	2.937
St. Louis Building and Improvement	12,302,000	2.937
St. Louis County School District R3	850,000	3.397
Summersville Waterworks	50,000	
Sullivan Park and Hospital	110,000	
Johnson County Hospital	675,000	3.258
Kansas City School District	5,000,000	3.119
Maplewood School District	1,000,000	3.550
St. Charles School District	700,000	3.470
Affton School District	875,000	3.428
Jackson County Center School District 58	1,500,000	3.399
Jefferson County School District 4	104,000	
Jefferson County School District 4	100,000	
Perry County Levee District 2	22,000	
Perry County Leeve District 1	37,000	
Peery County Leeve District 3	27,000	
Popular Bluff Sewer	658,000	2.775
St. Louis County School District R1	1,750,000	3.610
Independence School District	500,000	3.239
Jefferson County School District 1	480,000	
Metro St. Louis Sewer District	3,250,000	3.578
Pettis County School District R8	300,000	
St. Genevieve County School District R2	350,000	3.650
MONTANA		
Big Horn County School District 17H	185,000	
Flathead Elementary School District 6	78,000	3.560
Great Falls Special Improvement District	42,000	4.980
Billings Special Improvement District 776	40,000	4.850
Deer Lodge Fire	25,000	3.500
Fergus County High School District 27	160,000	3.590
Libby Special Improvement District 41	9,000	
Park County School District 7	48,000	3.750
Baker Special Improvement District 23	615,000	5.350
Golden Valley County High School District 1	110,000	
Great Falls New Housing	1,990,000	3.493
Hysham Special Improvement District 2	12,000	
Sidney Special Improvement School District 49	32,000	
Yellowstone County School District 260	2,500,000	
Billings Special Improvement District 787	64,000	4.950
Custer County Rest Home	200,000	
Dillon Improvement	16,000	5.375
Musselshell County High School District 55	80,000	
Roosevelt County School District	122,000	
Roosevelt County School District	132,000	
Yellowstone County School District 2	1,200,000	3.259
Yellowstone County School District	600,000	3.259
Yellowstone County School District 21	88,000	3.900
Yellowstone County School District 21	76,000	3.900
Cascade Sewer	47,000	4.000
Flathead County School District 26	15,000	3.750
Great Falls Improvement	75,000	4.690

Issuer	Amount	Net Interest Cost (%) *
MONTANA (continued)		
Manhattan Sewer	65,000	4.200
Missoula County School District 5	68,000	3.900
Miles City Sewage Revenue	230,000	3.962
Moore Improvement	5,000	3.800
Polson Improvement	195,000	3.750
Whitefish Sewage Revenue	250,000	
Boyd County School Revenue	350,000	4.327
Hardin Truck and Equipment	25,000	3.950
Helena Special Improvement District 217	35,000	4.900
Wheatland County School District	180,000	3.649
Wheatland County School District	115,000	3.649
NEBRASKA		
Bridgeport School District	256,000	3.703
Kearney Paving	207,000	2.600
Knox County Crofton School District 96	160,000	
Knox County School District 86	596,000	3.595
Lincoln County School District 55	225,000	
Lincoln Paving District	494,000	2.933
Lincoln Storm Sewer	76,000	2.933
Lincoln Water and Lighting	90,000	2.933
Minden Electric and Water Revenue	30,000	
Omaha General Obligation	3,500,000	2.858
Omaha Metropolitan Utility District	2,700,000	3.261
Scottsbluff School District	750,000	3.378
Bellevue Water	125,000	
Norfolk Paving	62,000	2.646
Norfolk Paving	102,000	2.646
Scottsbluff Paving	115,000	2.710
Seward School District 89	800,000	3.337
Lancaster County School District 42	56,000	3.700
Lincoln County School District 75	10,000	
Dodge County School District 49	23,000	3.850
Kearney Paving	208,000	2.896
Nelson Swimming Pool	45,000	
Thayer County School District 7	200,000	
NEVADA		
Ormsby County School District	250,000	3.798
Reno Sanitary Sewer Improvement District 1	41,000	
Churchill County School District	650,000	3.888
Washoe County School District	3,000,000	3.651
Reno Airport	500,000	3.652
Sparks Sewer	350,000	4.082
Washoe Hospital	2,000,000	3.622
Washoe Hospital	150,000	3.687
NEW HAMPSHIRE		
Manchester Sewerage	230,000	3.230
Hopkinton School District	239,000	3.201
Nashua Parking	450,000	3.092
Hooksett School District	405,000	3.560
Windham School District	160,000	3.230

Issuer	Amount	Net Interest Cost (%) *
NEW HAMPSHIRE (Continued)		
New London School District	493,000	3.370
Sullivan County Water	76,000	2.790
Allenstown School District	160,000	
Concord Improvement	110,000	2.790
NEW JERSEY		
Barnegat Light Improvement	41,000	3.590
Bergen County Park	129,000	2.980
Bergen County General Obligation	1,748,000	2.980
Bergen County Vocational School	88,000	2.980
Camden Street	280,000	3.233
Camden Sewer	950,000	3.646
Keyport General Obligation	98,000	3.230
Lower Township School District	275,000	4.020
Mount Holly Township School District	1,097,000	3.710
Riverdale Water	175,000	3.920
Riverdale Building	75,000	3.920
Somerdale Sewer	162,000	3.940
Union Township Improvement	870,000	2.845
Wharton Water	37,000	
Clearview High School District	1,498,000	3.682
Collingswood Improvement	77,000	2.959
Collingswood Sewer	70,000	2.959
Collingswood Parking	188,000	2.959
Collingswood Water	187,000	2.959
Evesham Township Sewer	140,000	3.170
Northvale General Obligation	60,000	3.200
Northvale Street	16,000	3.200
Raritan Township Board of Education	1,498,000	4.038
Roxbury Township School District	1,716,000	3.574
South Bound Brook Improvement	42,000	2.600
Stratford School	337,000	3.840
Watchung Hills High School District	899,000	3.580
Asbury Park Beachfront	685,000	4.040
Asbury Park Sewer	1,045,000	4.040
Bridgeton Water & Sewer	625,000	3.280
Bridgeton	122,000	3.280
Bridgewater Township School District	3,245,000	3.530
Burlington County Refund	205,000	2.540
Delaware Township School District	1,273,000	3.080
Delanco Township School District	385,000	3.820
Haledon Improvement	45,000	2.670
Haledon Water	19,000	2.670
Lodi Improvement	65,000	3.840
Lower Cape May School District	1,596,000	4.182
Lodi Water	204,000	3.840
Lumberton Township School District	351,000	3.920
Madison Township Improvement	248,000	3.856
Millville School	580,000	2.540
New Jersey Water	20,850,000	3.156
Neptune Township School District	525,000	4.040
Northern Valley High School District	3,065,000	3.730
Ocean County Construction	925,000	2.290
Park Ridge School District	1,125,000	3.090

Issuer	Amount	Net Interest Cost (%) *
NEW JERSEY (Continued)		
Ramapo High School District	674,000	3.670
Runnemede School District	109,000	3.940
Union County Park	308,000	2.690
Union County Improvement	1,198,000	2.690
Verona Building	296,000	2.940
Avon By The Sea Water	31,000	3.240
Bridgeton New Housing	1,445,000	3.493
Cape May County Bridge	664,000	3.220
Cedar Grove Township School District	1,137,000	3.560
Chatham Township School District	1,620,000	3.593
Deal School District	338,000	3.440
East Orange School	3,936,000	3.360
Edison Township School	3,047,000	3.780
Highland Park Housing	40,000	
Long Branch	342,000	3.990
Maple Heights Street Improvement	38,000	3.220
Middlesex School District	1,010,000	3.680
Ocean City Sewer	1,199,000	3.790
Paterson School	250,000	3.270
Paterson Sewer	710,000	3.270
Paterson General	894,000	3.270
Palmyra School District	987,000	3.770
Pennsauken Township School District	750,000	3.860
Pemberton School District	180,000	3.670
Plainfield New Housing	1,930,000	3.493
Ringwood School District	516,000	4.090
Sayreville School District	3,412,000	3.660
South Amboy Water	76,000	3.880
South Amboy Improvement	111,000	3.880
Somerset County Improvement	265,000	2.740
Westwood School District	618,000	3.880
Allendale School District	165,000	3.372
Allenhurst Beach Improvement	29,000	2.700
Bergen County Park	5,459,000	3.047
Blairstown Township School District	340,000	3.190
Cranford Township	1,010,000	3.260
Cumberland County Farm	190,000	2.600
Cumberland County Bridge	181,000	2.600
Gloucester City Water	400,000	3.890
Hillsborough Township School District	982,000	3.770
Hopewell Township School District	692,000	3.490
Hoboken Sewage	2,545,000	3.930
Independence Township School District	145,000	3.122
Matawan Township School District	2,368,000	
Mercer County Improvement	939,000	2.930
New Providence School District	900,000	3.480
North Haledon School District	774,000	3.570
North Brunswick Township School	825,000	2.890
North Salem School District	774,000	
Passaic County General Obligation	1,086,000	3.050
Pilesgrove Township School District	850,000	3.690
Piscataway Township School District	2,399,000	3.690
Ridgewood General Obligation	161,000	3.040
Ridgewood Parking	98,000	3.040
Ridgewood Water	320,000	3.040

Issuer	Amount	Net Interest Cost (%) *
NEW JERSEY (Continued)		
Ridgewood General Obligation	250,000	3.040
South River School District	1,650,000	3.560
Spring Lake Heights Water	40,000	2.990
Washington Township School District	285,000	3.490
Camden County Park	1,653,000	3.130
Clifton Improvement	749,000	3.520
Clifton School	1,996,000	3.520
East Brunswick Township School District	1,916,000	4.130
Emerson Improvement	108,000	3.200
Franklin Township Sewer Authority	925,000	
Hasbrouck Heights Improvement	174,000	3.410
Howell Township School District	1,340,000	4.130
Lenape High School District	664,000	4.290
Middle Township School District	1,049,000	4.140
Monmouth County Bridge	970,000	3.440
Morris Township Sewer	749,000	3.680
Mountainside School District	395,000	3.590
Northfield School	385,000	3.980
Parsippany Township School District	105,000	4.191
Parsippany Township School District	535,000	4.191
Pitman Water & Sewer	144,000	2.970
Ramsey School District	110,000	3.290
River Vale Township School District	620,000	3.830
South Brunswick School	664,000	3.670
Union County High School District 1	1,499,000	3.863
Waldwick General	138,000	3.310
Waldwick Water	40,000	3.490
Waldwick Water	28,000	3.310
Waldwick Curb Assessment	9,000	3.310
West Deptford Township Water	159,000	3.420
NEW MEXICO		
New Mexico State Educational Institution	8,000,000	2.319
Albuquerque Sewer	180,000	
Albuquerque Sewer	20,000	
Albuquerque Sewer & Water	155,000	
New Mexico Highway Revenue	2,000,000	2.263
Gallup Various	40,000	
Lovington Library	150,000	3.053
Lovington Water	200,000	3.253
Union County Hospital	250,000	3.232
Hidalgo County Hospital	250,000	
Farmington School District 5	540,000	2.879
New Mexico Military Institute	450,000	3.815
Albuquerque Sewer	1,293,000	3.575
Albuquerque Storm Sewer	1,000,000	3.578
Albuquerque Water	2,460,000	3.508
Albuquerque School District	3,750,000	2.674
Alamogordo School District 1	180,000	2.849
Carlsbad Municipal School District	1,100,000	3.084
Las Cruces Library	50,000	2.660
Las Cruces Improvement Refunding Revenue	250,000	4.110
Roswell Parking Revenue	400,000	4.218

Issuer	Amount	Net Interest Cost (%) *
NEW YORK		
Angola General Obligation	47,000	3.250
Clarkstown Fire	50,000	2.890
Cortlandt Fire Department	187,000	3.480
Dobbs Ferry Various	61,000	2.750
East Rockaway General Obligation	160,000	2.880
Freeport Improvement	207,000	3.090
Hoosick Central School District 1	2,440,000	3.437
Huntington School District 10	6,386,000	3.580
Islip School District 6	1,579,000	3.660
Liberty Water	120,000	3.630
Liberty Improvement	166,000	3.630
Lloyd Central School District 3	1,925,000	3.150
Montgomery Central School District 1	1,900,000	3.150
New York Low Housing	51,450,000	3.487
New York Urban Renewal	12,000,000	3.487
New York School Building	2,600,000	3.419
New York School Building	30,000,000	3.419
New York Streets	3,000,000	3.419
New York Sewage	3,900,000	3.419
New York Sewage	8,400,000	3.419
New York Transit	5,000,000	3.419
New York Transit Bus	8,000,000	3.419
New York Various	3,600,000	3.419
New York Various	12,000,000	3.419
Newburgh School District 4	165,000	3.550
Onondaga Central School District 1	607,000	3.416
Oyster Bay Water District	819,000	3.450
Oyster Bay Water District	630,000	3.450
Potsdam Various	234,000	3.330
Suffolk County Water Authority	3,000,000	3.980
Ulysses Central School District 1	1,200,000	3.460
Amherst Central School District 3	107,000	2.670
Amityville Improvement	212,000	3.230
Brookhaven Central School District 5	2,358,000	3.600
Catskills School District 1	299,000	3.060
Clarkstown School District 8	400,000	3.560
East Greenbush School District 1	2,020,000	3.020
East Greenbush Improvement District	148,000	3.420
East Syracuse Water	75,000	2.890
Elmira City School District	3,750,000	3.090
Erie County Improvement	6,370,000	2.543
Farmingdale Water System	150,000	2.990
Geddes Central School District 1	720,000	3.450
Geddes Central School District 1	2,750,000	3.450
Glen Cove Various	622,000	3.017
Hamburg Central School District 4	2,400,000	3.090
Henrietta Sewer District	542,000	3.470
Lewiston School District 1	965,000	3.130
Livonia Central School District 1	830,000	2.990
Lockport City School District	1,200,000	2.550
Manlius Central School District 1	2,280,000	3.220
Medina Storm Sewer	80,000	3.480
Medina Water	700,000	3.480
Newark Waterworks	125,000	3.640

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Issuer	Amount	Net Interest Cost (%) *
NEW YORK (Continued)		
New York State Power Authority	20,000,000	3.762
New York State Power Authority	80,000,000	3.762
Smithtown Central School District 1	3,085,000	3.530
Sodus Point Water	102,000	3.370
Sullivan County Court	175,000	2.790
Tupper Lake Improvement	703,000	3.490
Warwick School District 11	300,000	3.610
Wappingers Falls Water	90,000	3.090
Baldwin Central School District 1	798,000	3.370
Berlin Central School District 1	763,000	3.180
Brookhaven Central School District 4	157,000	3.280
Brookhaven School District 11	137,000	3.450
Cayuga Heights Street	165,000	2.590
Cheektowaga School District 1	3,580,000	3.330
Coeymans Central School District 2	2,100,000	3.220
Ellicottville School District 1	1,260,000	3.280
Goshen Sewer	112,000	3.580
Groton Improvement	95,000	3.460
Greenfield School District 10	135,000	3.870
Greenport Water District 1	70,000	3.270
Hempstead Sewer District	270,000	3.140
Hempstead Town Marina	485,000	3.140
Hempstead Refuse Disposal	925,000	3.140
Hempstead Parking District	59,000	3.140
Hempstead Parking District	104,000	3.140
Hempstead Parking District	23,000	3.140
Hempstead Parking District	360,000	3.140
Hempstead Parking District	27,000	3.140
Hempstead Parking District	166,000	3.140
Hempstead Highway	5,130,000	3.140
Hempstead Parking District	173,000	3.140
Hempstead Beach Park	115,000	3.140
Hempstead Beach Park	99,000	3.140
Hempstead School District 27	100,000	3.740
Hempstead School District 31	2,940,000	3.550
Hornellsville School District 1	417,000	3.280
Islip School District 13	3.770,000	3.675
Kingston	199,000	2.880
Kingston City School District	3,000,000	2.959
Lancaster	130,000	3.100
Mount Pleasant School District 1	3,150,000	3.490
New Windsor Water	198,000	3.710
New Windsor School District 3	250,000	3.730
Ogden Improvement	495,000	3.650
Oyster Bay Central School District 3	3,000,000	3.590
Palmyra Sewer	1,243,000	3.560
Pelham School District 1	1,600,000	3.030
Plattsburgh Water District 2	33,000	3.790
Riverhead Central School District 2	2,400,000	3.470
Rush Central School District 1	1,400,000	3.550
Schaghticoke School District 1	870,000	3.460
Troy Various	1,441,000	3.204
Troy Water	182,000	3.204
Utica City School District	805,000	2.660

Issuer	Amount	Net Interest Cost (%) *
NEW YORK (Continued)		
Babylon School District 4	1,736,000	3.650
Babylon School District 9	2,428,000	3.667
Batavia Improvement	421,000	2.580
Clifton Central School District 2	690,000	3.590
Minerva Central School District 1	275,000	3.380
Newburgh School District 1	160,000	3.540
Newcomb Central School District 1	345,000	3.270
New York City Housing	24,635,000	3.493
North Hempstead School District	165,000	3.090
North Hempstead Drainage	1,660,000	3.520
North Tonawanda School District	4,680,000	3.576
North Hempstead Equipment	130,000	3.520
North Hempstead Water District	465,000	3.520
Oakfield Central School District 1	240,000	3.164
Oyster Bay School District 21	1,255,000	3.625
Rockville Centre Improvement	1,208,000	3.090
Sloan Improvement	119,000	2.990
Suffolk County Improvement	995,000	3.068
Suffolk County Improvement	1,898,000	3.068
Albany County Airport	4,400,000	2.871
Babylon School District 2	1,180,000	3.653
Babylon School District 7	4,485,000	3.680
Brownville Central School District 1	195,000	3.270
Briarcliff Water	275,000	3.490
Cohoes Street	312,000	2.880
Cohoes Sewer	34,000	2.880
Goshen Central School District 1	720,000	3.200
Hempstead School District 14	235,000	3.570
Hempstead School District 25	350,000	3.230
Huntington School District 4	1,775,000	3.570
Lewiston Water	190,000	3.350
Lysnader Central School District 1	2,576,000	3.420
Niagara Falls School District	2,700,000	2.470
Owego Central School District 1	600,000	3.120
Oyster Bay Central School District 1	1,895,000	3.423
Port of New York Authority	35,000,000	3.407
Utica Improvement	120,000	2.681
Utica Improvement	316,000	2.681
Waterford School District 1	1,875,000	3.460
Wallkill School District 11	392,000	3.580
West Seneca Fire District 4	45,000	3.000
Whitestown Central School District 1	980,000	3.410
York Water District	45,000	3.000
Albany School	288,000	
Albany	65,000	3.080
Albany Improvement	371,000	3.080
Albany School	2,420,000	3.080
Alden Improvement	209,000	3.400
Babylon School District 3	4,578,000	3.740
Brookhaven School District 24	1,665,000	3.550
Brookhaven Fire District	130,000	3.090
Canandaigua Improvement	288,000	3.070
Clarkstown Town Hall	100,000	3.070
Fallsburgh Water District	571,000	3.820
Utica Improvement	340,000	2.681

Issuer	Amount	Net Interest Cost (%) *
NEW YORK (Continued)		
Fredonia Improvement	438,000	3.602
Garden City Various	1,784,000	3.320
Greenburgh School District 6	1,440,000	3.470
Grand Island Improvement	560,000	3.740
Hamburg Central School District 1	538,000	3.300
Hempstead School District 23	2,465,000	3.760
Huntington Central School District 6	1,275,000	3.620
Huntington School District 10	1,706,000	3.680
Islip School District 9	1,040,000	3.710
Kingsbury Central School District 1	997,000	3.460
Malverne Village Hall	242,000	3.290
Mount Vernon General	172,000	2.920
Mount Vernon Highway	129,000	2.920
Mount Vernon Equipment	409,000	2.920
Mount Vernon Sewer & Drainage	375,000	2.920
Monroe County Water Authority	17,000,000	3.877
Nassau County Sewage	8,150,000	3.590
Nassau County Improvement	11,581,000	3.590
Newburgh School	578,000	3.400
New Castle Central School District 4	1,265,000	3.580
Newburgh School	1,654,000	3.400
New York Sewage	2,400,000	3.550
New York School	5,000,000	3.550
New York Building Construction	6,000,000	3.550
New York Various	8,000,000	3.550
New York School	9,000,000	3.550
New York Transit	30,000,000	3.550
North Greenbush School District 4	150,000	3.590
Oyster Bay Improvement	3,600,000	3.440
Perinton Central School District 1	775,000	3.380
Riga Central School District 1	1,111,000	3.420
Schenectady General Obligation	1,018,000	3.087
Schenectady Sewer	190,000	3.087
Schenectady Parking	369,000	3.087
Schenectady Water	30,000	3.087
Sodus Central School District 1	425,000	3.370
Tonawanda Fire District 5	300,000	3.790
Webster Water	161,000	3.730
Winfield Central School District 1	775,000	3.380
NORTH CAROLINA		
Alamance County School	1,700,000	3.164
Chapel Hill Sewer	210,000	3.375
Chapel Hill Storm Sewer	30,000	3.375
Fuquay Springs Water	110,000	4.235
Fuquay Springs Sewer	230,000	4.235
Greenville Street	343,000	3.254
Greenville Bridge	22,000	3.254
Greenville Vehicle District	42,000	3.254
Greenville Building	143,000	3.254
Lincoln School	1,500,000	3.476
Wayne County Road & Bridge	75,000	3.598
Wayne County School	150,000	3.598
Charlotte Hospital	1,500,000	3.114

Issuer	Amount	Net Interest Cost (%) *
NORTH CAROLINA (Continued)		
Charlotte Sewer	3,500,000	3.114
Enfield Water	100,000	3.743
Montgomery County School	750,000	3.986
North Carolina Education	5,000,000	2.861
North Carolina Mental	5,000,000	2.861
Windsor	150,000	
Beaufort County School	21,000	3.084
Beaufort County School Refund	18,000	3.084
Beaufort County Refunding	82,000	3.084
Carrboro Town Hall	80,000	4.058
Concord Sewer	1,300,000	3.297
Granite Falls Sewer	50,000	3.978
Greensboro Fire	246,000	3.170
Greensboro Fire	389,000	3.170
Greensboro Library	500,000	3.170
Greensboro City Yard	400,000	3.170
Greensboro Market	125,000	3.170
Greensboro Street	1,000,000	3.170
Granite Falls Water	125,000	3.978
High Point Sewer	900,000	3.219
High Point Electric	2,200,000	3.219
High Point Water	900,000	3.219
Lexington Sewer	200,000	3.781
Lexington Water	800,000	3.781
Mt. Pleasant Sewer	40,000	3.985
Rutherford County School	1,800,000	3.080
Selma Sewer	275,000	4.058
Wake County School	2,500,000	3.118
Whiteville Sewer	15,000	3.830
Whiteville Fire	50,000	3.830
Whiteville Storm Sewer	35,000	3.830
Wilson County School Refund	135,000	3.057
Granville County School	1,250,000	3.436
Kernersville Sewer	218,000	4.010
Lee County School	282,000	3.584
Lee County Hospital	293,000	3.584
Lee County Industrial Education	275,000	3.584
Lee County Jail	150,000	3.584
Albemarle Sewer	1,775,000	3.520
Craven County Hospital	1,000,000	4.081
Matthews Sewer	30,000	3.228
North Wilkesboro Hospital	50,000	3.200
Raleigh Water	1,742,000	3.130
Raleigh Municipal Building	385,000	3.130
Raleigh Recreation	750,000	3.130
Raleigh Fire	83,000	3.130
Raleigh Fire	120,000	3.130
Rocky Mountain Administration Unit	1,000,000	3.496
Sampson County Refunding	59,000	3.986
Sampson County School	51,000	3.986
Buncombe County College	650,000	4.008
Hamlet Sewer	286,000	4.230
Milton Improvement	10,000	4.700
Mount Gilead Sewer	275,000	4.541
Stanly County Administration Unit	1,500,000	3.699

Issuer	Amount	Net Interest Cost (%) *
NORTH DAKOTA		
Drake Sewage Revenue	4,000	5.000
Neche Special School District 55	195,000	3.635
Bismarck School District	925,000	3.294
Devils Lake Refunding	915,000	3.935
Ramsey County Special School District 44	295,000	3.772
Fargo Sewer Revenue	600,000	3.823
Jamestown School District	475,000	3.589
Minot Refunding	230,000	3.590
Fargo Utility Revenue Sewer	600,000	
Grand Forks School District	1,075,000	3.395
Lamoure Special School District	155,000	
Hatton Board of Education	417,000	3.796
Walsh County Special School District 3	272,000	

ADDITIONAL ISSUES FOR INDIANA

INDIANA		
Luce School Township Building Corporation	470,000	4.355
Nashville Sewer Revenue	215,000	5.490
Osgood Waterworks Refund Revenue	135,000	
Rensselaer Gas Revenue	800,000	4.836
Richmond Sanitary District Sewer	1,575,000	3.305
Salem Swimming Pool	20,000	2.950
Vanderburgh County Park	300,000	3.057
Vanderburgh County Bridge	475,000	3.083
Valparaiso School	250,000	2.734
West Lafayette Library District	150,000	2.850

Issuer	Amount	Net Interest Cost (%) *
OHIO		
Arcadia School District	380,000	3.380
Aurora School District	216,000	3.580
Avon School District	375,000	3.770
Bath School District	500,000	3.620
Brook Park City Various	529,000	
Brook Park Improvement	501,000	3.940
Butler Township School District	95,000	3.380
Canaan Township Fire	17,000	2.600
Clinton School District	559,000	3.490
Columbus City School District	7,000,000	3.130
Delphos City School District	150,000	
East Palestine School District	650,000	3.610
Fairview Park Sewer	250,000	3.874
Fairbanks School District	760,000	3.420
Franklin City School District	734,000	3.530
Frankfort Exempted Village School District	270,000	3.610
Franklin Monroe School District	569,000	3.530
Greenville Street	9,000	3.250
Hardin Houston School District	290,000	3.640
Hickley Township Improvement	65,000	3.330
Hubbard Improvement	18,000	
Jefferson Street	12,000	
Liberty School District	675,000	3.600
Loudonville Street	18,000	3.150
Malta Waterworks	23,000	
Madison School District	1,700,000	3.465
Mapleton School District	578,000	3.530
Medina Waterworks	150,000	3.566
Medina Waterworks	200,000	3.566
Medina Sewage	650,000	3.566
Medina Sewage	225,000	3.566
Middleport Fire	25,000	3.000
Monclova Township Fire	50,000	2.860
Mt. Healthy City School District	315,000	3.610
McDonald Village School District	250,000	3.660
Newton School District	231,000	3.910
North Baltimore Sewer	100,000	3.450
North Olmsted Police	30,000	3.460
North Olmsted Garage	10,000	3.460
Northwestern School District	722,000	3.460
North Royalton School District	420,000	3.930
Oak Harbor Sewer	69,000	3.370
Rittman Street	103,000	2.940
Rush School District	50,000	3.980
Scipio School District	213,000	3.470
Spring Creek School District	320,000	3.615
Tiltonsville Street	48,000	3.470
Toledo City School District	6,000,000	3.040
Trenton School District	302,000	3.594
Upper Sandusky School District	1,375,000	3.320
Van Wert City School District	1,920,000	3.202
West Carrollton Sewer	175,000	3.680
West Geauga School District	360,000	3.430
Woodsfield Exempted Village School District	150,000	3.880

Issuer	Amount	Net Interest Cost (%) *
OHIO (Continued)		
West Carrollton School District	795,000	3.690
York School District	215,000	3.640
Bedford Heights Street	190,000	3.650
Bedford Heights Sewer	398,000	3.650
Canton School District	1,250,000	3.500
Chillicothe City School District	1,500,000	3.180
Champaign County Nursing	595,000	2.970
Chagrin Falls School District	600,000	3.480
Cuyahoga Hospital	2,500,000	2.879
Cuyahoga Road and Building	3,000,000	2.879
Cuyahoga County Hospital	1,000,000	2.879
Cuyahoga County Nursing	1,500,000	2.879
Edgerton Sewer	130,000	3.426
Elyria Pavement & Street Sewer	143,000	2.740
Fireland School District	600,000	3.430
Greenhills Real Estate	200,000	3.620
Grandview Heights Alley	47,000	2.870
Johnsville School District	150,000	3.650
Kinsman Township Fire	25,000	2.934
Loudonville Sewer	150,000	
Mason School District	432,000	3.470
Maumee Street & Sewer	125,000	2.760
Mahoning County Sewer	457,000	3.340
Midview School District	936,000	3.390
Montgomery County Sewer	138,000	2.720
Northridge School District	703,000	3.360
Oberlin Electric Revenue	700,000	3.503
Old Fort School District	150,000	3.120
Parma City School District	1,200,000	3.550
Perrysburg Sewage	295,000	3.460
River Valley School District	975,000	3.487
Scioto Darby School District	315,000	3.490
Southern School District	519,000	3.900
Springfield Township Fire	24,000	3.190
Stow School District	512,000	3.300
Sycamore School District	1,300,000	3.270
Tipp City Exempted Village School District	158,000	3.394
Triway School District	1,328,000	3.320
Washington City School District	327,000	3.300
Washington Township Road	47,000	2.940
West Branch School District	1,150,000	3.600
Westfield Township Fire	10,000	
Woodlawn Water	103,000	3.710
Ashland Street	211,000	2.860
Auglaixe County Sewer District	108,000	
Austintown School District	1,155,000	3.500
Brecksville School District	900,000	3.600
Cambridge Street	51,000	3.050
Chippewa Township School District	445,000	3.437
Cincinnati City School District	4,000,000	3.120
Columbus Sewage	4,200,000	3.512
Columbus Sewage	3,000,000	3.512
Columbus Sanitation	130,000	3.512
Columbus Fire & School	300,000	3.512

Issuer	Amount	Net Interest Cost (%) *
OHIO (Continued)		
Columbus Fire	200,000	3.512
Columbus Improvement	1,000,000	3.512
Columbus Equipment	350,000	3.512
Columbus Fire & Police	60,000	3.512
Columbus Garage	50,000	3.512
Columbus Land & Building	114,000	3.512
Columbus Avenue Extension	100,000	3.120
Columbus Traffic Signals	50,000	5.120
Columbus Avenue Improvement	100,000	3.512
Columbus Water	1,250,000	3.512
Columbus Waterworks	81,000	3.512
Columbus Water Revenue	1,250,000	3.512
Columbus Park & Forest	118,000	3.512
Columbus Recreation Center	225,000	3.512
Columbus Park	223,000	3.512
Cuyahoga Falls Street	275,000	2.913
Dayton Sewage	800,000	3.100
Dayton Street & Sewer	800,000	3.100
Dayton Highway	1,200,000	3.000
Eastern School District	740,000	3.870
Erie County Sewer	58,000	3.620
Fairfax Street	46,000	3.910
Finneytown School District	600,000	3.520
Franklin County Sewer District 1	155,000	
Franklin Township Road	28,000	3.640
Germantown School District	400,000	3.568
Lexington School District	65,000	3.154
Lima Waterworks	1,400,000	3.560
Lucas County Highway	3,000	3.990
Mahoning County Sewer & Street	227,000	2.950
Meigs Hospital	235,000	3.430
Ottawa Hills School District	550,000	3.190
Ottawa Hills School District	330,000	3.190
Oxford Water Revenue	85,000	
Rootstown School District	245,000	3.660
Seven Hills Fire	115,000	3.841
Shalersville Town Hall	40,000	3.530
South Central School District	762,000	3.520
Stark County Sewer	31,000	2.936
Toledo County Port Authority	3,600,000	3.402
Wadsworth Sewer	108,000	3.050
Waterloo School District	125,000	
West Muskingum School District	690,000	3.800
Ashland County School	125,000	2.420
Bryan Street & Sewer	44,000	3.020
Cedar Cliff School District	454,000	3.660
Cleveland Paving	1,000,000	3.147
Cleveland Recreation	1,500,000	3.147
Cleveland Bridge	1,500,000	3.147
Cleveland Sewer	1,600,000	3.147
Cleveland Port	1,500,000	3.147
Cleveland Freeway	2,000,000	3.147
Cleveland Auditorium	5,000,000	3.147
Cleveland Incinerator	200,000	3.147
Cleveland Equipment	220,000	3.147

Issuer	Amount	Net Interest Cost (%) *
OHIO (Continued)		
Cleveland New Housing	1,205,000	3.493
East Franklin School District	450,000	3.670
East Liverpool Construction	166,000	3.020
Eastlake Improvement	100,000	3.860
Elyria Water Storm Sewer	96,000	2.300
Findlay City School District	4,950,000	3.275
Franklin County Sewer District 1	155,000	2.640
Hudson Sewer	300,000	3.550
Lakewood School District	14,000	3.415
Leetonia Street & Building	23,000	3.820
Lorain Water	74,000	3.160
Lorain Water	136,000	3.160
Lorain Sewer	143,000	3.160
Lorain Street	72,000	3.160
Manchester School District	181,000	3.841
Maple Heights Sewer	300,000	3.220
Madison Township Road	31,000	2.912
Medina County School	145,000	2.950
Middleburg Heights Sewer	141,000	3.242
Mt. Healthy Fire	30,000	3.170
Portsmouth Street	500,000	2.860
Salt Creek School District	10,000	3.000
Shaker Heights Sewer & Drainage	1,000,000	3.180
Sheffield Water	216,000	4.000
Smithville Improvement	72,000	3.980
Solon Sewer Revenue	550,000	
Stark County	200,000	2.340
Streetsboro School District	140,000	
Tallmadge Water	6,000	
Twinsburg Waterworks	250,000	3.950
Van Wert Airport	25,000	2.970
West Union School District	435,000	3.530
Bowling Green Street Unified	4,500,000	3.883
Bridgeport Waterworks	25,000	4.430
Brook Park Road	293,000	3.318
Cincinnati Expressway	1,750,000	3.179
Cincinnati Urban Redevelopment	5,000,000	3.179
Cincinnati Hospital	6,000,000	3.179
Cincinnati Unified Improvement	500,000	3.179
Cincinnati Park & Recreation	500,000	3.179
Cincinnati Street Lights	550,000	3.179
Cincinnati Street	2,200,000	3.179
Cincinnati Waterworks	5,000,000	3.179
Clark County Water	118,000	2.730
Cuyahoga Falls School District	2,000,000	3.300
Doylestown Sewer	105,000	
Eastern School District	470,000	3.900
Elyria Improvement	200,000	2.740
Hamilton County Sewer District 1	630,000	
Marysville Storm Sewer	500,000	3.250
Mahoning County Street	21,000	3.140
Miami Conservancy District	2,715,000	3.424
Mogadore Street	25,000	3.170
New Waterford Sewer	35,000	3.916
North Olmsted Sewer	1,700,000	3.863

Issuer	Amount	Net Interest Cost (%) *
OHIO (Continued)		
North Olmsted Sewer	271,000	3.863
Roseville Flood Control	41,000	3.470
Sheffield Water	216,000	
Struthers Street	9,000	3.250
Struthers Improvement	48,000	3.250
Struthers Improvement	13,000	3.250
Toledo Street & Sewer	47,000	2.560
Toledo Street & Sewer	180,000	2.560
Waterville Waterworks	53,000	
Waterloo School District	125,000	3.930
Warrensville Heights Improvement	15,000	3.420
West Lafayette Waterworks	15,000	3.220
Wickliffe City School District	950,000	3.560
Akron Waterworks	5,000,000	3.440
Ashtabula County Sewer	144,000	
Athens County Jail	100,000	3.550
Bay Village City School District	510,000	3.708
Boardman Township Street	23,000	3.450
Coventry School District	1,025,000	3.720
Coldwater Waterworks	60,000	3.490
Crestline Swimming Pool	40,000	4.219
Cuyahoga Heights School District	1,125,000	2.590
Eastern School District	22,000	3.690
Fairfax Street	50,000	
Garfield Heights Sewer	300,000	3.190
Harris School District	450,000	3.690
Hamilton County Sewer & Water	1,460,000	3.210
Hamilton Waterworks	1,000,000	3.460
Highland School District	427,000	3.731
Hudson School District	1,100,000	3.790
Huron Sewer	55,000	4.140
Indian Hill Exempted Village School District	1,925,000	3.360
Ironton Street	400,000	3.320
Kettering City School District	2,400,000	3.820
Kent Street Unified of Ohio	3,500,000	3.973
Lakeview Waterline	10,000	
Lorain County Water	20,000	3.320
Norwalk Street	51,000	
Ohio Highway Revenue	32,000,000	2.924
Parkview Improvement	117,000	3.990
Plymouth Sewage	150,000	3.860
Reynoldsburg School District	568,000	
Sandusky Improvement	262,000	2.900
Southern School District	356,000	
Toledo Sidewalk	84,000	2.120
University Heights Sewer	1,000,000	3.360
Washington Township School District	980,000	3.580
Washington Township Fire	9,000	
Wayne Township Fire	35,000	3.160
West View Improvement	9,000	5.180
Willoughby City School District	1,200,000	3.500
Woodsfield Improvement	280,000	3.970
Warren Sewerage Revenue	2,850,000	3.957
Zanesville Fire	50,000	3.550
Zanesville Fire	30,000	3.550

Issuer	Amount	Net Interest Cost (%) *
OHIO (Continued)		
Zanesville Street	70,000	3.550
Zanesville Expressway	400,000	3.550
Zanesville Sewer	300,000	3.550
OKLAHOMA		
Canadian County School District 69	435,000	2.647
Payne County School District 16	325,000	2.713
Texas County School District 8	300,000	2.850
Tulsa County School District 3	180,000	2.701
Wagoner County School District 1	95,000	
Beaver County School District 22	367,000	
Bryan County School District 5	136,000	
Geronimo Sewer	21,000	5.990
Harper County School District 84	260,000	2.915
Holdenville	40,000	
Lawton Waterworks	1,000,000	3.295
Laverne Hospital	125,000	
Miami Library	210,000	2.679
Muskogee County School District 2	85,000	2.572
North Enid Sewer	60,000	4.412
Oklahoma County School District 7	100,000	2.659
Okfuskee County School District 31	95,000	
Okmulgee County School District 1	592,000	2.790
Pittsburg County School District 1	82,000	2.890
Poteau Waterworks	77,000	
Poteau Sewer	257,000	
Stephens County School District 34	72,000	
Henryetta Fire	35,000	
Keyes Waterworks	97,000	
Lawton Sewage	125,000	
Lawton Water Revenue	175,000	
Newkirk Electric	70,000	3.100
Okfuskee County School District 26	223,000	2.342
Osage County School District 22	13,000	2.250
Osage County School District 8	75,000	2.688
Washington County School District 830	150,000	.280
Beaver County School District 128	270,000	2.760
Comanche County School District 8	1,250,000	2.587
Dill City Sanitary Sewer Works	25,000	4.347
Dill City Waterworks	15,000	4.383
Garfield County School District 11	14,000	
Hughes County School District 10	5,000	
Kay County School District 45	720,000	2.777
Kay County School District 18	5,000	2.650
Latimer County School District 4	64,000	3.213
Logan County School District 2	275,000	2.839
Oklahoma County School District 36	30,000	3.140
Oklahoma City Airport	8,700,000	4.248
Pontotoc County School District 24	100,000	2.768
Quapaw Waterworks	60,000	4.990
Roger Mills County School District 7	75,000	
Tuttle Fire	14,000	4.498
Tuttle Waterworks	52,000	4.630
Tuttle Sewer	49,000	4.700

Issuer	Amount	Net Interest Cost (%) *
OKLAHOMA (Continued)		
Aline Sewer	65,000	5.180
Blanchard Water	38,000	4.160
Blanchard Sewer	82,000	4.200
Creek County School District 21	95,000	
Garfield County School District 77	185,000	
Garvin County School District 2	125,000	2.940
Harmon County School District 12	11,000	
Love County School District 16	180,000	2.694
Murray County School 4	30,000	2.483
Oklahoma Industrial Financing Authority	2,000,000	3.621
Oklahoma County School District 52	400,000	
Oklahoma County School District 12	75,000	
Oklahoma County School District 4	135,000	2.659
Payne County School District 67	270,000	2.653
Tulsa Municipal Building	6,000,000	3.298
Tulsa	1,600,000	3.301
Bryan County School District 12	5,000	3.750
Caddo County School District 12	19,000	
Corn Waterworks	20,000	
Comanche County School District 16	60,000	
Drumright Hospital	225,000	3.718
Grady County School District 68	100,000	2.840
Lincoln County School District 54	125,000	2.850
Lincoln County School District 77	8,000	3.210
Midwest City Hospital	714,000	3.163
Muskogee County School District 74	65,000	
Pawnee County School District 69	75,000	
Pottawatomie County School District	60,000	3.088
Pushmataha County School District 4	39,000	3.210
OREGON		
Benton County School District 17C	150,000	3.390
Klamath Falls Improvement	18,000	3.720
La Grande Improvement	464,000	3.695
Milton Freewater Park	175,000	3.736
Oregon Veterans' Home	30,000,000	3.433
St. Helens Sewer	125,000	3.778
Clackamas County School District 116	85,000	3.726
Clackamas County School District 4	40,000	2.888
Salem Heights Water District	486,000	3.726
Scio Sewer	50,000	4.120
Sunset Valley Sanitary District	15,000	4.234
Benton County School District 4	55,000	3.274
Central Lincoln Utility District	500,000	3.624
Central Point Improvement	50,000	3.449
Clackamas County Water District	674,000	4.083
Dalles City Improvement	55,000	3.120
Eugene Sewage Revenue	100,000	2.845
Forest Grove Improvement	14,000	
Jefferson County School District 30	65,000	4.170
North Bend Improvement	70,000	2.985
Seaside Sewer	271,000	3.817
Tillamook County Utility District	235,000	
Albany Improvement	135,000	3.148

Issuer	Amount	Net Interest Cost (%) *
OREGON (Continued)		
Bend Improvement	37,000	3.193
Burns Improvement	51,000	3.484
Clackamas County School District 91	58,000	3.250
Lane County School District 4	2,500,000	3.201
Lane County New Housing	2,035,000	3.493
Multnomah County School District 27	195,000	
Oregon Board of Education	2,300,000	3.507
Oregon Board of Education	5,000,000	3.502
Oregon Veterans' Welfare	30,000,000	3.267
Tillamook County Utility District	4,400,000	4.051
Washington County High School District 9 Joint	110,000	3.801
Albany Parking Revenue	40,000	3.557
Baker Water Revenue	1,014,000	3.469
Cannon Beach Sewer	60,000	4.196
Eagle Point Sewage	150,000	4.205
Eugene Improvement	480,000	2.745
Gold Beach Improvement	250,000	4.139
Gresham Improvement	27,000	3.450
Lake County School District 7	795,000	3.530
Lane County School District 71	180,000	3.324
Multnomah County School District 3	1,650,000	2.743
Nyssa Swimming Pool	60,000	3.930
Oswego Library	110,000	2.908
Tangent Rural Fire Protection District	52,000	
Washington County Sanitary District	58,000	3.636
Wallowa County School District 6	76,000	
Washington County High School District 2 Joint	290,000	3.599
Wasco County School District 12	370,000	3.487
Baker County School District Rural 61	850,000	2.745
Coos Bay Improvement	24,000	2.750
Corvallis Improvement	224,000	2.765
Coquille Improvement	14,000	3.771
Goshen Rural Fire Protection District	25,000	3.737
Grants Pass Improvement	98,000	
Gresham Parking	32,000	3.397
Green Sanitary District	355,000	
Grants Pass Water	110,000	3.281
Lake Oswego Library	110,000	2.908
Lebanon Improvement	27,000	3.250
Linn County School District 55	475,000	3.690
Linn County School District 102C	15,000	4.000
Linn County School District 136C	22,000	3.429
Marion County High School District 4J	233,000	3.498
Medford Street	120,000	2.851
Oakridge City Hall	80,000	3.856
Powers Sewer	163,000	4.300
Roseburg Improvement	98,000	3.490
Sheridan Water	130,000	3.947
Wasco County School District 9	533,000	
PENNSYLVANIA		
Allentown General Obligation	700,000	2.805
Allegheny County Sanitary Authority	875,000	3.436
Allegheny County Sanitary Authority	625,000	3.436
Ambridge Borough Municipal Authority	1,000,000	4.580

Issuer	Amount	Net Interest Cost (%) *
PENNSYLVANIA (Continued)		
Ambridge Borough Municipal Authority	895,000	4.580
Ambridge Borough Municipal Authority	750,000	4.580
Bethel School District	525,000	3.959
Biglerville Borough Authority	490,000	
Center Township	50,000	
Central Venango County School Authority	675,000	4.380
Central Venango County School Authority	425,000	4.380
Hempfield Municipal Authority	515,000	4.898
Hempfield Municipal Authority	545,000	4.898
Kiska School Authority	3,630,000	4.420
Lower Moreld Township School District Authority	465,000	
Manheim Water Authority	650,000	
Muhlenberg Township School District Authority	280,000	
Pennsylvania Joint School Authority	1,285,000	4.150
Pennsylvania State Public School Authority	20,600,000	3.848
Pennsylvania Joint School Authority	825,000	4.150
Reading General Obligation	1,830,000	2.330
Reading Airport Authority	500,000	
Ridley Township Improvement	260,000	2.490
Rochester Joint Sewer Authority	1,125,000	4.790
Rochester Joint Sewer Authority	610,000	4.790
Springettsbury School District	95,000	2.600
Southeastern York County School	320,000	
Towanda General Obligation	4,000	4.000
West Middlesex Borough Authority	245,000	
Aston Township Improvement	124,000	3.870
Connellsville Municipal Authority	660,000	4.337
Derry Area Joint School Authority	257,000	
Elez Township Authority Water Revenue	205,000	
Governor Joint School Authority	140,000	3.729
Governor Joint School Authority	235,000	3.729
Johnstown Authority	5,000,000	3.975
Lebanon Sewer	2,860,000	3.258
Lebanon Water Authority	710,000	3.257
McKeesport Improvement	200,000	2.784
New Castle Improvement	110,000	2.670
Scranton School District	268,000	2.940
Upper Allegheny Sanitary Authority	680,000	4.269
Upper Allegheny Sanitary Authority	440,000	4.269
Upper Allegheny Sanitary Authority	1,730,000	4.269
Upper Allegheny Sanitary Authority	3,500,000	4.269
Wilmerding School District	80,000	3.120
Allegheny County	250,000	3.390
Allegheny County	3,210,000	3.390
Allegheny County	3,300,000	3.390
Canonsburg General Obligation	25,000	2.860
Coatesville Sewer Authority	945,000	3.710
Colebrookdale Township School District	193,000	
Exeter Township School District	200,000	3.470
Gateway School District	1,750,000	3.985
Hempfield Township School Authority	900,000	
Irwin Authority Sewer Revenue	650,000	
Lower Gwynedd Township Authority	325,000	3.860
Lower Gwynedd Township Authority	410,000	3.860
Lower Gwynedd Township Authority	290,000	3.860

Issuer	Amount	Net Interest Cost (%) *
PENNSYLVANIA (Continued)		
Loualsock Township School District	210,000	
Milesburg Borough Authority	283,000	
Parkland School District Authority	700,000	3.478
Pennsylvania General State Authority	25,000,000	3.482
Peters Township School Authority	580,000	
Pulaski Township General Obligation	28,000	3.480
Summit Hill General Obligation	56,000	
Suburban Lock Haven Water Authority	860,000	
Upper Dublin Township Authority	380,000	3.740
Upper Dublin Township Authority	250,000	3.740
Upper Dublin Township Authority	420,000	3.740
Upper Darby Township General Obligation	400,000	2.549
Whitpain Township Sewer Authority	255,000	3.865
Whitpain Township Sewer Authority	320,000	3.865
Whitpain Township Sewer Authority	225,000	3.865
Wormleysburg Municipal Authority	160,000	4.167
Wormleysburg Municipal Authority	455,000	4.167
Central York County School Authority	1,260,000	3.971
Erie Improvement	650,000	3.464
Erie Water	1,500,000	3.464
Hazelton Improvement	405,000	3.631
Harrisburg School Authority	1,500,000	3.422
Jersey Shore Sanitary Authority	120,000	4.110
Jersey Shore Sanitary Authority	335,000	4.110
Kulpmont School District	150,000	
Mars Joint School Authority	2,230,000	4.043
Meadville New Housing	1,570,000	3.493
Paoli Area School Authority	3,850,000	3.293
Plymouth School Authority Revenue	2,375,000	
Salford Joint School Authority	150,000	4.122
Salford Joint School Authority	120,000	4.122
State College Street	200,000	2.712
South Columbia County School Authority	1,900,000	
South Columbia County School Authority	1,360,000	3.934
South Columbia County School Authority	540,000	3.934
Tullytown	50,000	3.490
Upper Yoder Township	50,000	3.230
Wrightstown Township School District	50,000	3.250
Ambler Joint High School Authority	3,060,000	3.480
Bristol Township Improvement	500,000	3.539
College Area School Authority	1,250,000	3.790
College Area School Authority	480,000	3.790
College Area School Authority	560,000	3.790
Crafton Improvement	120,000	
Dormont School District	100,000	2.860
East Norriton School Authority	1,370,000	3.610
Fox Chapel Area School District	300,000	2.936
Hatboro School District	105,000	3.360
Horsham Township School District	50,000	
Huntington Township Refund	11,000	5.000
Midland School District	140,000	3.430
Nazareth School Authority	780,000	2.996
Pennsylvania State School Building Authority	24,580,000	3.644
Scranton Improvement	390,000	3.370

Issuer	Amount	Net Interest Cost (%) *
PENNSYLVANIA (Continued)		
Southern Delaware Valley School Authority	825,000	3.910
Southern Delaware Valley School Authority	2,075,000	3.910
Tredyffrin Township General Obligation	125,000	2.670
Wilkes Barre Parking Authority	860,000	4.378
Wilkes Barre Parking Authority	250,000	4.378
Wilkes Barre Parking Authority	265,000	4.378
York Improvement	450,000	2.497
Altoona School District	1,000,000	3.506
Avonworth School Authority	335,000	
Camp Hill Improvement	791,000	3.459
Central Columbia County School	2,210,000	3.898
Centennial Joint School Authority	550,000	4.141
Central Luzerne County School	540,000	4.400
Centennial Joint School Authority	120,000	4.141
Centennial Joint School Authority	70,000	4.141
Centennial Joint School Authority	100,000	4.141
Centennial Joint School Authority	60,000	4.141
Central Luzerne County School	600,000	4.400
Chester Improvement	300,000	2.991
Chalfant Improvement	75,000	3.670
Conyngham Township School District Authority	95,000	
Everett Improvement	110,000	3.560
Fairchance Improvement	85,000	4.000
Greater Greensburg School Authority	1,760,000	3.960
Greater Greensburg School Authority	2,080,000	3.960
Hampton Township School District	650,000	3.730
Hempfield School District	510,000	3.368
Interboro Joint School Authority	216,000	
Manheim Township School District	200,000	3.155
Philadelphia Railway & Subway	132,000	3.549
Philadelphia Various	5,900,000	3.549
Philadelphia Various	6,625,000	3.549
Philadelphia Water	12,300,000	3.549
Pittsburgh Improvement	2,120,000	3.273
Pittsburgh Improvement	3,100,000	3.273
Rankin Improvement	50,000	3.460
Stowe Township School District	100,000	3.570
Upper Dublin Township General Obligation	200,000	3.622
Verona School District	80,000	3.796
Washington Township School District Authority	295,000	4.287
Washington Township School District Authority	10,000	4.287
Washington Township School District Authority	35,000	4.287
Washington Township School District Authority	45,000	4.287
Washington Township School District Authority	55,000	4.287
Yardley School District	35,000	3.500
PUERTO RICO		
Puerto Rico Improvement	15,000,000	3.894
Puerto Rico Improvement	25,000,000	3.894
Bayamon Improvement	660,000	3.634
Guaynabo Improvement	1,000,000	3.644
Puerto Rico Water Authority	22,000,000	4.080

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Issuer	Amount	Net Interest Cost (%) *
RHODE ISLAND		
Central Falls Highway	100,000	3.820
Central Falls Fire	50,000	3.820
Central Falls Improvement	50,000	3.820
Providence School	1,000,000	3.280
Providence Various	900,000	3.280
Providence Slum Clearance	2,500,000	3.280
Providence Slum Clearance	2,500,000	3.280
Rhode Island Unified	2,500,000	3.326
Rhode Island Barrier	800,000	3.500
Rhode Island School	1,000,000	3.292
Rhode Island Highway	6,000,000	3.486
Rhode Island Beach	600,000	3.115
Woonsocket Bridge	305,000	3.390
Woonsocket Fire	125,000	3.390
Woonsocket Flood Control	150,000	3.390
Woonsocket Incinerator	530,000	3.390
Woonsocket Incinerator	150,000	3.390
Woonsocket Construction	315,000	3.390
Woonsocket School	875,000	3.390
Pawtucket School	660,000	3.591
Pawtucket Sidewalk	50,000	3.591
Pawtucket Highway	250,000	3.591
Pawtucket Sewer	100,000	3.591
Barrington School	150,000	1.860
Cranston School	900,000	3.683
Cranston Sewerage	575,000	3.683
SOUTH CAROLINA		
Newberry County Road	350,000	2.977
Newberry County School District	848,000	3.561
Charleston Yacht Revenue	1,000,000	3.495
Columbia Waterworks & Sewer	2,500,000	3.340
Nichols Waterworks	129,000	4.200
Richland County School District 2	250,000	3.199
Bamberg County School District	161,000	3.469
Charleston County	1,250,000	2.688
Charleston School District 20	500,000	3.188
Newberry Utility Revenue	300,000	3.449
Spartanburg County School District	550,000	2.898
West Columbia Water & Sewer Revenue	160,000	3.801
Banberg County School District 3	40,000	3.499
Colleton County School District	250,000	3.344
Darlington County School District	350,000	2.391
Greenville Airport	3,000,000	3.369
Oconee County Water District	250,000	4.113
Spartanburg Waterworks Revenue	1,300,000	3.517
Anderson County School District 2	200,000	3.462
Charleston County School District 10	130,000	3.079
Charleston County Service District	100,000	3.415
Lexington Sewer Revenue	150,000	3.766
Pickens County School District Authority	800,000	3.433
Richland County School District 1	1,500,000	3.401
Spartanburg County School District 4	200,000	2.950
Spartanburg County School District 3	150,000	2.950
York Sewer	300,000	4.018

Issuer	Amount	Net Interest Cost (%) *
SOUTH DAKOTA		
Rapid City Waterworks	1,500,000	3.375
Perkins County School District 4	120,000	4.250
Brookings County Hospital	290,000	3.128
Brookings Hospital	330,000	3.368
Brule County School District 2	100,000	3.800
Campbell County School District 47	91,000	4.000
Gettysburg Waterworks	25,000	3.400
Haakon County School District P1	185,000	3.973
Pennington County School District 4	35,000	4.033
Corsica Various	90,000	4.000
Custer County School District 1	115,000	
Custer County School District 1	135,000	4.000
Roberts County School District 4	100,000	4.000
Viborg Waterworks	59,000	3.830
Beadle County School District 8	12,000	4.000
Hot Springs School District 10	165,000	3.930
Kadoka Building	50,000	3.735
Pierre School District 1	800,000	3.386
Belle Fourche Auditorium	25,000	3.030
Pennington School District 15	19,000	4.000
TENNESSEE		
Cookeville Waterworks Revenue	600,000	4.088
Davidson County School	3,700,000	3.094
Davidson County Courthouse	500,000	2.592
Eagleville Waterworks	27,000	
Paris Industrial	278,000	
Greene County School & Road	900,000	
Hardeman County Industrial	310,000	
Middleton Waterworks	110,000	
Montgomery County Improvement	273,000	3.150
Montgomery County Funding	277,000	3.150
Roane County School	150,000	3.968
Shelby County School	4,000,000	3.147
Shelby County Improvement	7,000,000	3.102
Watten County Hospital	550,000	
Greenville School	300,000	3.360
Rockwood Airport Revenue	160,000	4.198
Springfield Urban Renewal	130,000	
Trenton Sewer & Water Revenue	600,000	4.179
Franklin County School	735,000	3.514
Grundy County Building	100,000	
Ripley Waterworks	125,000	3.990
Ridgely Waterworks	170,000	
Sullivan County School	1,108,000	2.371
Sweetwater Electric Revenue	200,000	3.158
Tennessee Educational Institute	5,000,000	3.154
Tennessee Highway	10,000,000	3.154
Tennessee Educational Institute	600,000	3.154
Cannon County School	275,000	
Clarksville Water Revenue	600,000	3.885
Columbia Sewer Revenue	600,000	3.360
Cumberland County School	1,075,000	3.946
Fentress County School	369,000	4.290
Hamblen County School	100,000	2.928

Issuer	Amount	Net Interest Cost (%) *
TENNESSEE (Continued)		
Newport School	150,000	
Paris Electric Revenue	400,000	3.186
Shelbyville Sewer	443,000	
Cleveland Water Revenue	750,000	4.063
Crossville General Obligation	250,000	
Crockett County Road	115,000	
Crossville Various	600,000	4.521
DeKalb County School	30,000	4.145
DeKalb County School	75,000	4.145
Decatur County Building	170,000	
Fayette County Industrial	500,000	
Hamilton County Improvement	1,000,000	3.369
Hamilton County School	4,000,000	3.369
Hawkins County School & Hospital	149,000	
Haywood County Industrial	400,000	3.597
Hickman County School	750,000	4.259
Hickman County Bridge	780,000	4.259
Jackson School	300,000	3.582
Jackson Waterworks & Sewer	400,000	3.582
Johnson County General Obligation	400,000	
Nashville Electric Revenue	4,000,000	3.446
Scott County School	250,000	
Sullivan County Highway	440,000	2.393
~~Tennessee Valley Authority Power~~	~~50,000,000~~	
Wayne County School	420,000	
TEXAS		
Bexar County Water & Sewer Revenue	590,000	
Bland School District	5,000	
Blooming Grove School District	150,000	
Blossom School District	50,000	
Bronte Sewer Revenue	85,000	
Brownsville Utility Revenue	6,750,000	
Brownwood Civic Auditorium	650,000	3.727
Dayton Waterworks & Sewer Revenue	100,000	
Floydada School District	125,000	3.882
Gaston School District	135,000	2.928
Garland School District	1,000,000	3.885
Gladewater County School District	325,000	2.528
Grand Prairie Street	100,000	3.300
Grand Prairie Waterworks	50,000	3.690
Hidalgo County Road	1,000,000	3.943
Hurst School District	1,000,000	4.033
Italy School District	284,000	
Judson High School District 8	200,000	4.210
Marshall Street	250,000	3.800
Marble Falls School District	65,000	4.096
New Braufels School District	750,000	3.455
Northside School District	500,000	3.825
Nueces County Refund Park	215,000	
Plains Refunding	70,000	
Port Lavaca Water & Sewer	275,000	4.076
Seagraves School District	200,000	
Spur School District	436,000	
Bronte Sewer General Obligation	50,000	

Issuer	Amount	Net Interest Cost (%) *
TEXAS (Continued)		
Tabasco School District	600,000	4.439
Vidor School District	100,000	
Waller Gas Revenue	85,000	
Waxahachie School District	375,000	3.795
Wichita County Road	750,000	3.345
Wichita County Improvement	1,050,000	3.584
Abernathy Street	40,000	
Abilene General Obligation	625,000	3.387
Abilene Waterworks & Sewer Revenue	375,000	3.539
Alamo Waterworks & Sewer Revenue	20,000	
Amarillo Street	750,000	3.246
Angelina County Refunding	64,000	
Aspermont High School District	170,000	3.955
Bay City School District	1,200,000	3.521
Baytown Library	350,000	3.440
Beaumont Waterworks Revenue	675,000	3.159
Big Spring General Obligation	250,000	3.346
Big Spring Water & Sewer Revenue	750,000	3.910
Borger Waterworks	1,350,000	3.229
Burkburnett School District	250,000	3.908
Clyde School District	20,000	
Connally School District	175,000	
Dallas Street	7,000,000	3.027
Dallas Library	300,000	3.027
Dallas Parks	600,000	3.027
Dallas Airport	300,000	3.027
Dallas Fire	300,000	3.027
Dallas Storm Sewer & Bridge	700,000	3.027
Dalhart School District	130,000	
Dalhart School District	145,000	
Dallas Water & Sewer Revenue	9,800,000	2.972
Denton School District	175,000	4.500
Electra School District	622,000	3.456
Fisher County Improvement	75,000	
Floyd County School District 18	15,000	3.994
Galveston County Jail	1,000,000	3.638
Hildalgo County Road District 7	900,000	4.055
Houston School District	14,000,000	3.302
Iowa Park School District	85,000	
Irving General Obligation	450,000	3.931
Keller School District	280,000	3.969
McClennan County Improvement District 2	45,000	
McAllen Toll Bridge Revenue	370,000	4.700
North East School District	700,000	3.663
Palestine Water Revenue	300,000	3.490
Plano Street	150,000	
Port Neches General Obligation	750,000	3.871
Red Oak School District	100,000	3.990
Southside School District	135,000	4.080
Texas Veterans' Land	12,500,000	3.259
Van General Obligation	330,000	
Victoria School District	750,000	3.125
White Set School District	450,000	
Arlington General Obligation	575,000	
Athens School District	350,000	4.054

Issuer	Amount	Net Interest Cost (%) *
TEXAS (Continued)		
Bell County Water Conservation District 1	500,000	3.986
Castleberry School District	450,000	3.890
Chico School District	250,000	4.073
Crockett County Improvement District 1	40,000	
Denton School District	175,000	3.024
Frenship High School District	80,000	3.760
Harris County Water District 8	452,000	4.046
Hardin County School District 4	40,000	
Hereford Street	180,000	3.148
Hurst General Obligation	350,000	3.917
Huntington School District	100,000	
Leonard Water Revenue	55,000	
Lubbock Improvement	2,250,000	3.303
Monahans Street	150,000	3.111
ODonnell Fire	20,000	
ODonnell Street	40,000	
ODonnell Waterworks Revenue	110,000	
ODonnell Waterworks & Sewer Revenue	59,000	
Pearsall School District	125,000	3.695
Port Neches Waterworks & Sewer	150,000	
Round Rock School District	85,000	
Roby School District	50,000	3.651
San Antonio Storm Drainage	3,500,000	3.205
San Antonio General Obligation	920,000	
San Antonio Electric and Gas	1,400,000	
Sherman Water & Sewer Revenue	550,000	3.421
Sherman Storm Drainage	1,000,000	3.601
South Park School District	2,500,000	3.496
Wharton School District	1,500,000	3.123
Wichita Falls School District	3,000,000	3.436
Alvin Junior College	1,500,000	3.230
Alvin School District	750,000	3.133
Alief School District	110,000	3.530
Austin Various	1,000,000	3.515
Austin School District	2,500,000	3.447
Austin Electric Waterworks Sewer	4,000,000	3.487
Axtell County Line High School District	115,000	
Bailey County Road District 1A	85,000	2.782
Bailey County Road	250,000	3.499
Brazoria County Improvement District 3	100,000	4.145
Cameron Toll Bridge Revenue	1,750,000	
Clarendon Housing	22,000	
Colorado City	435,000	3.604
Dallas County Road District 1	2,000,000	3.275
Dayton Housing	27,000	
DeKalb Housing	25,000	
Edinburg School District	1,350,000	3.924
Eden School District	75,000	
El Paso County Road	550,000	3.172
Galveston County Improvement District 2	145,000	4.089
Galveston County Improvement District 1	700,000	4.152
Kermit Various	365,000	3.781
Kermit Water & Sewer Revenue	165,000	3.830
Leonard Water Improvement Revenue	55,000	
Midland Airport Revenue	705,000	

Issuer	Amount	Net Interest Cost (%) *
TEXAS (Continued)		
Nixon Housing	30,000	
Nueces County Hospital	1,625,000	3.447
Panhandle Street	50,000	
Pecos City Street	200,000	3.505
Poth School District	150,000	3.878
Richardson Swimming Pool	40,000	2.986
Runge Housing	11,000	
Spearman Housing	14,000	
Stanton School District	160,000	
Three Rivers Housing	26,000	
Toomball School District	800,000	3.680
Uvalde General Obligation	225,000	3.228
Waco School District	1,000,000	3.073
Beeville Improvement	25,000	3.160
Beeville Water & Sewer	100,000	3.528
Brownwood School District	1,000,000	3.858
Burleson Water & Sewer Revenue	100,000	
Crystal City General Obligation	85,000	3.200
Crystal City Utility Revenue	508,000	4.133
El Paso Airport Revenue	2,800,000	4.431
Fort Worth Street	1,350,000	3.442
Fort Worth Sewer	2,470,000	3.442
Fort Worth Street	3,850,000	3.442
Fort Worth Library	200,000	3.442
Fort Worth Fire	100,000	3.442
Fort Worth Water & Sewer	1,600,000	3.557
Fort Worth Airport Revenue	1,000,000	4.070
Goose Creek School District	500,000	3.287
Greenville Various	570,000	3.435
Hardin County Road	1,200,000	3.549
Hardin School District	1,001,000	3.957
Harris County Water & Sewer	430,000	
Houston Street	1,000,000	3.338
Houston Street	1,400,000	3.338
Houston Bridge	1,350,000	3.338
Houston Civic Center	1,000,000	3.338
Houston Sewage	3,900,000	3.338
Houston Storm Sewer	3,000,000	3.338
Houston Street	4,000,000	3.338
Houston Library	150,000	3.338
Houston Improvement	100,000	3.338
Houston Traffic Signals	100,000	3.338
Houston Fire	200,000	3.338
Houston Street	125,000	3.338
Houston Park & Recreation	100,000	3.338
Houston Park & Recreation	200,000	3.338
Houston Airport	500,000	3.338
Irving School District	1,250,000	3.995
Kent County Improvement	150,000	
Lacy Lakeview Refund	84,000	
La Marque Waterworks & Sewer	150,000	3.987
Lacy Lakeview Waterworks	20,000	
Leberty High School District	71,000	
Mesquite School District	1,370,000	4.022

Issuer	Amount	Net Interest Cost (%) *
TEXAS (Continued)		
Mercedes General Obligation Refund	475,000	
Mercedes Street	40,000	4.390
Mercedes Park	130,000	4.390
Mercedes Civic Center	130,000	4.390
Moore County School District 2	150,000	3.649
Northside School District	750,000	3.898
Odessa Junior College	270,000	2.915
Paris School District	1,500,000	3.826
Pittsburg School District	175,000	3.968
Ralls Street	30,000	
Stamford General Obligation	155,000	3.824
Sunray School District	60,000	
Valley Creek Water District	100,000	
Wilmer School District	275,000	4.080
Amherst School District	30,000	
Atascosa County Road District 4D	150,000	3.958
Athens Water & Sewer Refunding Revenue	1,051,000	3.975
Bexar County Road District 3	500,000	3.372
Bexar County Road District 2	200,000	3.473
Bexar County Hospital	1,500,000	3.645
Bellmead Sewer	50,000	4.090
Bellmead Street	400,000	4.090
Bexar Metropolitan Water District Revenue	500,000	3.989
Birdville School District	750,000	3.965
Brazoria County Road District 35	1,100,000	3.502
Claude School District	95,000	
Clifton School District	10,000	
Colmesneil School District	20,000	4.464
Dallas School District	10,000,000	3.292
Dayton Street	25,000	
Denton Electric Revenue	5,200,000	3.993
Dublin School District	225,000	3.842
East Central High School District 20	400,000	4.407
El Paso Improvement	2,520,000	3.703
El Campo School District	250,000	3.590
Gregory Portland School District	300,000	3.626
Harris County Flood Control District	2,500,000	3.455
Harris Road	5,000,000	3.334
Harris County Park	3,000,000	3.809
Harris County Road & Bridge	4,000,000	3.456
Harris County Park	15,000,000	3.809
Hidalgo County School District 14	50,000	4.542
Hillsboro Street	50,000	4.080
Hillsboro Water & Sewer Revenue	100,000	
Houston County School District 33	25,000	
Judson School District	290,000	3.814
Kerrville School District	50,000	
Lancaster School District	425,000	4.046
Livingston School District	90,000	
Livingston School District	235,000	
Lubbock County Road	500,000	3.000
Meadow School District	90,000	3.905
Midland School District	300,000	3.395
New Braunfels School District	1,187,000	3.630

Issuer	Amount	Net Interest Cost (%) *
TEXAS (Continued)		
North East School District	1,000,000	3.889
Orange Waterworks & Sewer Revenue	400,000	3.666
Pep School District	60,000	4.460
Pine Tree School District	400,000	3.438
Port Arthur Water & Sewer Refunding	495,000	3.968
Runn Community School District 14	50,000	
San Antonio Water Revenue	2,000,000	3.527
San Antonio Airport	1,500,000	4.037
Sherman County Road District 2	150,000	
Sweeney School District	1,000,000	2.991
Texas Veterans' Land	25,000,000	3.500
Terrell Street	300,000	3.389
Washington County Junior College	250,000	3.577
Ysleta School District	1,000,000	3.704
UTAH		
Tooele City Waterworks	250,000	
Central Davis County Sewer District	405,000	4.149
North Ogden City Water	265,000	4.007
Davis County School District	819,000	2.930
Magna Water County	1,200,000	4.114
Murray City School District	402,000	3.475
Salt Lake City Special Improvement	25,000	3.780
Salt Lake County Water & Sewer Revenue	1,200,000	
South Davis County Sewer District	1,050,000	3.806
South Davis County Sewer Improvement District	1,500,000	4.081
Box Elder Hospital	200,000	
Brigham City Sewer Revenue	375,000	3.686
VERMONT		
Manchester Sewerage	230,000	3.230
Readsboro Town School District	170,000	3.380
Highgate Town School District	176,000	3.423
Norwich School District	80,000	3.380
Pittsford Town School District	105,000	
South Burlington School District	75,000	3.250
Thetford Town School District	123,000	3.370
Waitsfield School District	119,000	3.482
VIRGINIA		
Frederick County School	350,000	2.230
Henrico County School	5,000,000	3.008
Prince William County School	700,000	3.180
Wythe County School	456,000	
Chesterfield County School	3,000,000	3.092
Mecklenburg County Jail	150,000	2.682
Strasburg Sewer	170,000	3.528
Campbell County School	400,000	3.170
Halifax County School	600,000	3.205
Portsmouth Improvement	2,300,000	3.268
Radford Water & Sewer	1,100,000	3.187
Southampton County School	200,000	3.180
Charlottesville Improvement	600,000	3.012
Giles County School Board	2,350,000	3.403
Henry County School	1,000,000	3.360

Issuer	Amount	Net Interest Cost (%) *
VIRGINIA (Continued)		
Isle of Wight County School	1,000,000	3.380
Newport News Improvement	3,200,000	3.384
Norton Housing	84,000	
Pittsylvania County School	2,000,000	3.314
Princess Anne County School	3,000,000	3.805
Smyth County School	975,000	3.330
Arlington Water	2,172,000	3.430
Arlington Sewer	675,000	3.430
Fauguier County School	1,000,000	3.313
Gloucester County School	250,000	2.940
Loudoun County School	2,000,000	3.301
Mary Washington College of the Univ. of Va.	500,000	3.974
Norfolk Improvement	7,000,000	3.509
Roanoke School	2,600,000	3.233
WASHINGTON		
Edmonds Civic Center	483,000	3.540
Franklin County School District 1	350,000	3.654
Kelso Recreation Park	25,000	4.000
Kelso Airport Road	75,000	4.000
King County School District 411	200,000	3.745
Langley General Obligation	6,000	4.250
Lake City Sewer District King County	2,300,000	
Pierce County School District 1	323,000	3.713
Pierce County School District 404	510,000	3.761
Pierce County School District 7	122,000	3.998
Pierce County School District 417	43,000	4.250
Port of Vancouver Revenue	950,000	
Seattle Street	7,500,000	3.270
Snohomish County Hospital K 1	385,000	
Spokane County School District 81	2,100,000	3.143
Tacoma Transportation	850,000	2.743
Tacoma Airport	550,000	2.821
Whitman County School District 267	500,000	3.245
Yakima County Road Improvement District	5,000	
Yakima County Road Improvement District	34,000	
Yakima County Road Improvement District	20,000	
Anacortes Improvement District 151	56,000	
Anacortes Improvement District 152	5,000	
Anacortes Improvement District 153	3,000	
Auburn Jail	75,000	
Bellingham Athletic Field	490,000	2.771
Benton County School District 17	150,000	3.390
King County Highline School District	1,250,000	3.619
Marysville Waterworks Revenue	125,000	
Moses Lake Fire	46,000	3.742
Moses Lake Swimming Pool	188,000	3.847
Puyallup Library	210,000	2.923
Seattle Street	1,653,000	
Yakima County School District 7	300,000	3.199
Yakima County School District 120	70,000	3.990
Yakima County School District 202	165,000	3.420
Yakima County School District Joint 1160	286,000	3.450

Issuer	Amount	Net Interest Cost (%) *
WASHINGTON (Continued)		
Bellevue Street	300,000	3.473
Chehalis Improvement	70,000	
Chelan County School District 246	1,052,000	3.388
Clark County Joint School District 112	220,000	3.554
Grant County School District 161	275,000	3.773
Island County School District 204	97,000	4.000
Pierce County School District 10	338,000	3.395
Port of Walla Walla	135,000	2.819
Skagit County School District 101	750,000	3.418
Snohomish County Water District	1,000,000	4.003
Spokane County School District 416	195,000	3.632
Spokane County School District 361	122,000	3.895
Spokane County School District 354	118,000	3.997
Tacoma School District 10	338,000	
Thurston County School District 401	112,000	3.864
Aberdeen Water Revenue	800,000	3.829
Arlington Library	6,000	4.000
Bothell Street	200,000	3.132
Everett Water Revenue	31,000	
Franklin County School District 15	100,000	
Franklin County Utility District 1	500,000	3.784
Gray Har County School District 5	880,000	3.684
Grant County Housing	42,000	
King County Renton School District 403	2,000,000	3.625
Kitsap County School District 100C	956,000	3.667
King County School District 410	656,000	3.745
King County School District 408	220,000	3.450
Skagit County Utility District Water	1,160,000	4.170
Spokane County School District 356	362,000	3.656
Waitsburg Swimming Pool	27,000	3.338
Wahkiakum County School District 150	187,000	4.125
Wahkiakum County School District 55	152,000	4.125
Whatcom County Road	475,000	2.846
Whatcom School District 8507	30,000	4.000
Arlington Fire & Hall	60,000	4.000
Bellevue Improvement District	303,000	4.490
Clark County School District 81	19,000	3.910
King County School District 190	44,000	4.000
King County Water District 81	250,000	
King County Water District 58	345,000	
Mason County School District 403	140,000	4.000
Mountlake Terrace Civic Center	275,000	3.679
Pasco Library	350,000	
Port of Seattle Harbor	7,500,000	2.635
Port of Edmonds Revenue	1,650,000	
Renton Local Improvement District	109,000	
Stevens County School District 36	70,000	4.250
Thurston County School District 324	42,000	4.000
Walla Walla Water & Sewer	435,000	3.493
Yakima Improvement	45,000	
Adams County School District 158	345,000	2.932
Benton County School District 17	1,000,000	3.456
Kennewick School District 17	1,000,000	
Kennewick General Obligation	500,000	3.688

Issuer	Amount	Net Interest Cost (%) *
WASHINGTON (Continued)		
King County Water District 72	57,000	
Lincoln County School District 207	170,000	2.690
Medina General Obligation	50,000	3.990
Metropolitan Seattle Sewer	8,100,000	3.963
Metropolitan Seattle Sewer	11,900,000	3.963
Mount Vernon Parking	125,000	3.442
Pierce County School District 83	50,000	3.983
Port of Everett Improvement	350,000	2.952
Port of Bellingham Revenue	100,000	2.873
Snohomish County School District 306	50,000	4.000
Vancouver Improvement	600,000	3.454
Vancouver Water & Sewer	1,500,000	3.560
WEST VIRGINIA		
Center Public Service District	420,000	
Hinton Sewer Revenue	242,000	
South Charleston Sewer	8,000,000	3.674
West Virginia Armory Board Revenue	2,450,000	
Sissonville Water Revenue	485,000	
Huntington Sewer Revenue	575,000	3.471
Huntington Sewer Revenue	1,425,000	3.471
Morgantown Airport	790,000	3.748
West Virginia Road	1,000,000	3.319
WISCONSIN		
Appleton Improvement	176,000	2.230
Baldwin Joint School District 4	370,000	3.565
Cumberland Joint School District 2	135,000	3.655
Hartford Corporate Purpose	165,000	3.186
La Crosse Sewage & Drainage	95,000	2.403
La Crosse School Sites	639,000	2.453
La Crosse Street	206,000	2.453
La Crosse Airport	76,000	2.453
La Crosse Waterworks	135,000	2.453
Mequon Joint School District 10	683,000	3.250
Milwaukee School Building	3,000,000	2.681
Milwaukee Streets	1,250,000	2.681
Milwaukee Sewers	3,000,000	2.681
Milwaukee Urban Renewal	1,000,000	2.681
Milwaukee Harbor Improvement	245,000	2.681
Port Washington School	900,000	3.302
Sheboygan Falls Joint School District 1	550,000	3.427
Washington County Courthouse	1,600,000	2.888
Brookfield General Obligation	1,000,000	
Brodhead Swimming Pool	90,000	3.366
Fond Du Lac School	2,178,000	2.926
Fond Du Lac School	767,000	2.926
Green Bay School	400,000	2.552
Hartland High School District Joint 1	460,000	3.330
McFarland High School District	590,000	3.563
Milwaukee County Sewage	5,328,000	2.779
Milwaukee County Expressway	5,000,000	2.955
Oak Creek School	900,000	3.153
Somerset Joint School District 1	135,000	3.578

Issuer	Amount	Net Interest Cost (%) *
WISCONSIN (Continued)		
Stoughton Joint School District 3	200,000	3.100
Wisconsin State Agency Building Corporation	4,755,000	3.495
Wisconsin State Agency Building Corporation	5,020,000	3.495
Baraboo School Building	1,485,000	3.395
Benton Joint School District 1	220,000	3.858
Cornell Joint School District 2	369,000	3.509
Cumberland Waterworks Revenue	110,000	3.778
Forestville Sanitary	50,000	3.000
Iowa County Home	650,000	3.209
New Auburn High School District	219,000	3.860
North Fond Du Lac	85,000	3.723
Pewaukee High School District 6	2,000,000	3.594
Portland Joint School District 1	380,000	3.638
Preble School District 1	165,000	3.483
River Falls Joint School District 1	1,015,000	3.186
Rib Mountain School District 8	231,000	
Sparta Joint School District 1	950,000	3.366
Stevens Point	375,000	3.269
Stanley School Refund	504,000	3.419
Wausau General Obligation	875,000	3.169
Wausau Waterworks Revenue	1,750,000	3.333
Barron Joint School District 1	450,000	3.680
Black River Falls Joint School District 2	750,000	3.472
Dodge County Home	1,100,000	3.199
Eau Claire School	4,725,000	3.174
Greendale Community School District	285,000	3.500
New Lisbon Joint School District 1	358,000	3.860
Spring Valley Joint School District 1	50,000	3.200
Waupaca School	290,000	3.492
Black Wolf Junior School District 2	260,000	3.691
Buffalo County Courthouse	350,000	2.973
Campbellsport High School District	300,000	3.817
Fox Point Waterworks Revenue	1,445,000	4.026
Glendale Water	2,900,000	3.406
Hartford Waterworks Revenue	220,000	3.691
Holmen Joint Community School District 1	283,000	3.627
Janesville School	2,615,000	3.087
Madison School	1,975,000	2.910
Madison Street	1,800,000	2.910
Madison Sewer & Drainage	2,500,000	2.910
Menomonie Joint School District 1	725,000	3.473
Prairie Du Chien School	895,000	3.495
Racine General Obligation	1,270,000	3.163
Racine School	2,880,000	3.163
Whitefish Water	2,100,000	3.343
Wisconsin State Building Corporation	8,070,000	3.558
Wisconsin State Building Corporation	8,930,000	3.558
Appleton School	240,000	3.252
Appleton Sewer & Drainage	310,000	3.252
Cudahy School	1,285,000	3.484
Eden School District 21	190,000	
Green Bay General Obligation	600,000	3.133
Kenosha Waterworks Revenue	935,000	3.521
Madison Metropolitan Sewer District	9,000,000	3.288

Issuer	Amount	Net Interest Cost (%) *
WISCONSIN (Continued)		
Marshfield Electric Revenue	2,000,000	3.733
Milwaukee	2,500,000	3.100
Milwaukee Waterworks Revenue	10,000,000	3.571
Oshkosh Waterworks	1,000,000	3.266
Oshkosh Storm Drainage	1,000,000	3.266
Oshkosh School	515,000	3.266
Oshkosh School	610,000	3.266
Spring Valley Joint School District 1	130,000	3.163
WYOMING		
Arapahoe County School District 6	1,285,000	
Natronia County High School District	3,833,000	2.834
Natronia School District 2	1,740,000	2.834
Cheyenne Sewerage	395,000	2.875
Cheyenne Fire	340,000	2.875
Cheyenne Street	100,000	2.875
Gillette Recreation	44,000	2.862
Albany County School District 1	495,000	2.875
Hot Springs County School District 11	150,000	2.980
Sheridan County School District 24	475,000	3.000
Kemmerer Street Improvement	175,000	3.686
Laramie County School District 1	750,000	2.875
Carbon County School District 6	135,000	3.193
Uinta County Hospital	125,000	2.875

Mr. DAVIS. Will Mr. Bingham come around? It is nice to have a Tennesseean before this committee. I have had witnesses from all over the country and I can say that Herbert Bingham, who is the executive director of the Tennessee Municipal League, is well informed on municipal matters, and I know him and I know he is personally and professionally well informed. I am delighted to welcome an old friend and a longtime friend before this committee.

This statement does not appear to be too long. You may want to summarize the statement and then let the full statement be made a part of the record. You may make your own choice about that, Mr. Bingham.

STATEMENT OF HERBERT J. BINGHAM, EXECUTIVE DIRECTOR, TENNESSEE MUNICIPAL LEAGUE, ON BEHALF OF THE AMERICAN MUNICIPAL ASSOCIATION; ACCOMPANIED BY DONALD A. SLATER

Mr. BINGHAM. Mr. Chairman, I will indeed summarize it.

I want to say first that it is really a very great privilege and, in fact, a pleasure, to testify before this committee today, when you are serving as its chairman.

Before beginning my main testimony, this is another significant proposal in the field of public facilities and public works. I can't help remembering that in my professional work for the last 16 years I have been privileged to watch the great performance of the chairman of this committee in the field of public works in this Nation. I can remember the enactment in which the chairman played a key role, of the interstate highway program, which is assuring our own State of an unparalleled 1,100 miles of magnificent interstate highways. I know of his great accomplishments in the field of river and harbor legislation, and the resulting massive flood control works on the Mississippi River. Throughout the Tennessee Valley we will forever remember your great battle for the Tennessee Valley Authority. These accomplishments are your monuments, Mr. Chairman, in Memphis, and in Shelby County in Tennessee, and throughout the Nation. They have helped to make the city of Memphis, in my opinion, a great center of commerce and transportation and manufacturing, with a great harbor project and highways and airports. It is for this reason such a pleasure for me to testify here before you.

Mr. DAVIS. Thank you very much.

Mr. BINGHAM. I appear today to support the legislation before the committee on behalf of the American Municipal Association, representing over 13,500 municipal governments and the Tennessee Municipal League.

I would like, as you suggest, to put my testimony in the record, and summarize it as briefly as possible.

Mr. DAVIS. Without objection, the entire statement will be made a part of the record at this point, just as presented.

Mr. BINGHAM. Mr. Chairman and members of the committee, I am Herbert Bingham, executive secretary of the Tennessee Municipal League. I appear before you today in behalf of the American Municipal Association, representing over 13,500 municipal governments and the Tennessee Municipal League.

All of us who are concerned with the immediate needs of municipal governments are greatly heartened by the proposals for Federal aid for local public works which have been made to your committee and we are grateful for the interest and hard work which this committee is devoting to the problem. Certainly the need for prompt action is clearly evident. I will not undertake to discuss the economic aspects of the legislation you are considering or the overall problem of continued high unemployment, important as that problem is. Other witnesses with special competence in this sphere have covered these subjects thoroughly. Instead I want to emphasize the critical need of our municipalities—or more accurately, the people who live in our towns and cities—for assistance in meeting their needs for local public works.

Public investment has long been a stepchild in our economy. Around 1940 I believe most communities had reasonably adequate community facilities due in large part to the programs of the Federal Government as well as the slow rate of growth of our urban population during the 1930's. Then in the first half of the 1940's local government expenditures were sharply curtailed because of the war. In the second half of that decade they were limited by material shortages and the competing demands of other types of construction. Again, at the beginning of the last decade, war restrictions once more limited public investment. And through most of the last decade our local officials have been confronted time and again with a restrictive monetary policy which it is generally recognized hits especially hard at local government borrowing. Throughout this period local governments have been hard pressed to finance the sharp rise of the day-to-day services needed by our expanding population.

The result has been a serious neglect of investment in publicly owned facilities. A study done by the U.S. Department of Commerce in 1955 found that in the field of local water and sewer works alone, there was a backlog of need totaling approximately $10 billion. That same study found that we must spend $1.5 billion every year just to offset obsolescence and take care of population growth. In each of the past 2 years the value of new construction of water and sewer works has amounted to just about $1.5 million. Because of cost increases during the period, however, the current physical level of construction is somewhat below the minimum level estimated in 1955 to meet current annual needs. The conclusion is inescapable that we are even worse off now than we were in 1955 and substantially worse off than we were in 1940.

Let me assure the committee that this has not been the result of any lack of effort on the part of municipal officials. Every year local taxes have been increased. Since 1957, total tax revenue of municipal governments has risen from $16 billion to $21 billion, a net gain of $5 billion or nearly one-third. Meanwhile, local government debt has risen steadily. The fact is that local governments are simply unable to finance all of the services and investment needed by their citizens currently, and at the same time overcome the backlog of needs in a reasonable period of time.

It must be remembered that State and local governments suffer one serious handicap which the Federal Government does not face. That is the problem of varying tax rates from one place in the country to

another. A State or community which recognizes the need and is willing to spend the money to overcome it often finds that if it raises taxes to meet this responsibility it will simply drive industry to other locations. Apart from the loss of employment and basic economic difficulties of losing industries, the community may find itself with even less tax revenue than before. This is one of the fundamental reasons why local government must call upon the Federal Government for financial assistance.

Local government, in particular, is faced with serious financial handicaps imposed by State constitutions and legislatures. Ceilings on property tax rates and other forms of taxation, as well as the exclusion of many forms of taxation from consideration, often limit a municipality's resources. Unfortunately, State governments are all too often dominated by rural areas which are unsympathetic to the problems of the city. In this connection, I would like to quote a story from my good friend, Mayor Ben West of Nashville, who summed it up this way:

> Cities in practically every State of the Union face the same situation. They are the greatest revenue generators for both State and Federal governments. They have traveled the well-worn road to rurally dominated State legislatures many times seeking relief, only to be rejected and rebuffed.
>
> Their problems have been consistently ignored. State legislatures have compelled them to turn to the Federal Government for aid and assistance and then decry "creeping federalism" and oppose direct city-Federal relationships in the manner of the youth who slew his father and mother and then asked the mercy of the court on the grounds he was an orphan.

I think Mayor West has made a very good point there. But that, of course, is not the entire story. Even where State legislators are more sympathetic to the needs of their urban constituents there is a limit to what they can do. State taxes and State debts have risen rapidly in recent years. The Bond Buyer recently reported that more than 60 major changes in tax laws were enacted by State legislatures in 1961 and these were expected to increase revenues by approximately $1 billion. I would certainly agree that in many cases the States as well as the cities are doing what they can to meet the expanding needs of our growing population. However, the fact remains that the Federal Government has preempted the principal source of revenue through the income tax. There are those who say that the Federal Government should return some fields of taxation to State and local government, but personally I do not see what could be gained by breaking up the present efficient system of Federal collection of income taxes. In fact, it would be a step backward if taxaation were put on the basis of competition between States. This would give a premium to the State which limited its activities to the minimum which its citizens would tolerate in the interest of inducing industry to come in. I feel also that it would be a shortsighted policy since the arrival of industry would certainly add to the revenue and expenditure needs in future years. It would be far better for the Federal Government, which draws the bulk of its revenues from the people who live in our towns and cities, to make available to them some part of those funds to meet pressing local needs.

We have come a long way in improving our methods of financing local public works. I recently read that when New York City built two miles of wood plank road in 1869, they apparently thought they

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had found an easy way to finance it. They issued $377,000 worth of bonds bearing 7 percent interest with the principal not to be repaid for 278 years. They are still paying that interest on more than half of the issue yet outstanding. Municipal officials today can finance public works at lower cost but this does not mean that all problems are solved. Important assistance in this field is available through the Federal Government's community facilities loan program particularly as it was amended in the Housing Act of 1961. These loans have helped to overcome the wide disparity between the cost at which small communities can borrow compared with larger metropolitan centers. It fills a vital need but I do not think that its proponents claim that it is a complete answer. The fact remains that even at low interest rates many communities are simply unable to bear full cost of their entire capital works programs. Outright grants are essential if we are to make real headway in providing our citizens with all of the public improvements they need.

The fact is that there is no way to achieve our goals in the fields of public works without spending money. The problem is to find the best and most equitable way to meet the cost. The tremendous backlog of needed local public works that is built up over the last two decades must be overcome as soon as possible and local governments are financially unable to do it by themselves. The legislation which you are now considering and particularly the amendment offered by the administration witnesses last week for immediate assistance would be an important step forward. It would make a frontal attack on our problems right now.

I know that our municipalities are strongly behind this assistance. Earlier this session a bill was introduced by Representative Albert Rains, to provide an immediate program of Federal grants for local public works. This bill is enthusiastically endorsed not only by the municipalities in my own State, but by Government officials from other States to whom I have talked.

May I urge this committee to include provisions in the bill you will report out to see to it that the bulk of the funds made available are for outright grants to meet a share of the cost of public works. Only in this way can we make a substantial net addition to local expenditure programs by making it possible to start projects which our communities cannot afford by themselves.

Mr. Chairman, I will not undertake to discuss the economic aspects of this legislation. In fact, it appears this is getting so much emphasis that the function of both the emergency provisions of this bill and the immediate provisions as counterrecession economic legislation that has as its chief function and purpose that of providing this Nation with adequate public facilities which are vital to the economic progress and to the welfare of our citizens, may be almost overlooked. We know that our municipalities have critical deficiencies and deficits in their public facilities, and that they need financial assistance now and in the future from the enormously productive Federal tax base if they are ever to have the water and sewer facilities and the airport and hospital and other facilities needed to serve their rapidly expanding population.

We must remember that there has been a history in our Nation of sacrificing adequate public facilities to other national objectives.

The last time our country had adequate public facilities was at the end of the recession in about 1939 and 1940. Then we had the war period when civil public works were sacrificed to our war objectives. Then, following the war, we had restrictions on materials and only a brief period in which to make progress, and then another war and another sacrificing of civil facilities—the Korean war. Then in the decade of the fifties the tremendous urbanization of the Nation made it impossible to catch up with the backlog that had developed, and we even estimated the backlog as exceeding $500 million in public facilities—in schools, water systems, and so forth. So we are far behind.

There are many national estimates of the extent to which our public facilities are deficient. For example, studies have been made of the need for such a basic facility as local water and sewer works. There is a backlog right now in this country of $10 billion of needed facilities. This is just water and sanitation that we are talking about here—nothing luxurious—the bare essentials of urban life. This estimate was actually made 5 years ago and we have been falling further behind all the time.

The problem is not that the municipal governments have failed to make an effort. Every year local taxes are being increased. In the Congress you have a tax bill every 6 to 10 years. Generally speaking, municipal governments in the Nation, and certainly in my own State, increase taxes every year. This week they increased the property tax rates in the city of Memphis 15 cents on a hundred dollars of valuation to try to balance the budget, and I believe that this is the second tax increase in a row; that is, two times in the last 2 years.

With shortages of revenues there has been no hesitation to undertake long-range debt financing of public facilities. In fact, the total debt of local governments has been steadily rising in the last 10 to 12 years. Yet we are still behind.

Mr. Chairman, in my own State local governments have become desperate in trying to meet the needs of their people, and recently two of our local government organizations—my own league and the Tennessee County Services Association—joined in adopting a local government platform of legislation and related measures which we are offering to candidates for Governor and the legislature in our State, and I would like to quote from it. It is a statement that has been approved by hundreds of county and municipal officials in Tennessee. It says:

> However, impressive as the accomplishments of local government are, they are in serious trouble. Many of their services are inadequate because of an inability to meet growing financial demands, including costs imposed by the State. Faced with such demands and lacking current income, local governments have been forced into massive deficit financing. Local bonded debt now exceeds $900 million—or nearly seven times the approximately $130 million indebtedness of State government. If the current trend continues during the next Governor's 4-year term of office, State government policies will force local governments to increase their bonded indebtedness to well over $1 billion.

Mr. Chairman, this platform includes a statement on taxes. I quote:

> In the past years the State government's attitude has been such that local governments have been forced to impose, and local taxpayers to pay, higher and higher rates of taxation upon property due to State denial of other productive revenue sources at the local level. These are the results: The combined city-

county property tax rate now averages a burdensome $5.80 per $100 assessed valuation on homes, farms, businesses, and industry; and combined city and county bonded indebtedness incurred in an effort to keep pace with citizen needs is approaching the astounding and dangerous level of $1 billion. These burdensome property tax and debt levels must be relieved.

That is the situation in Tennessee. One of the problems of local government and of State government is the inability to maintain an adequate tax structure due to interstate and intercommunity competition for industry and business. I would like to quote from a talk that I made in Alabama before the Alabama League of Municipalities on Monday of this week, where they had a great gathering of some 700 Alabama municipal officials on this subject of the difficulty in maintaining local and State tax structure. I quote from my statement there:

An enormous influence opposing adequate local taxes is intercommunity and interstate competition for business. It goes on between Alabama and Tennessee.

We find that one large national concern with a Tennessee plant paying $650,000 annually in county and municipal property taxes only pays $47 a year on a plant of almost equal value in Alabama, due to your industrial tax exemptions.

Only 3 years ago, large industries forced Tennessee to reduce its 3-percent sales tax on new manufacturing equipment using the argument that Alabama had an extremely low tax rate. So our sales tax on new machinery was reduced in March 1959, while Alabama made the opposite decision and increased its tax in May.

When virtually all States surrounding Tennessee exempt new industry from property taxes, Tennessee must do likewise through illegal exemptions. One of the largest industries to locate in our State in the last 20 years secured a complete and illegal tax exemption for a 10-year period, and is now being charged a token local tax on assessment of 2 percent of actual value.

This is one of our problems. Thus we feel that realistically——

Mr. BALDWIN. Mr. Chairman.

Mr. DAVIS. Mr. Bingham, Mr. Baldwin wants to ask you a question.

Mr. BALDWIN. When you say that this industry obtained a 10-year exemption which is illegal, wouldn't it be possible under the laws of the State for any interested citizens taxpayer then to bring a suit in court to confirm the illegality of that action?

Mr. BINGHAM. There are doubtless legal remedies, but this is a realistic policy that is so realistic that it has general community support. We know it is disastrous, but we can't avoid it.

I can only point out that this country has about 30,000 citizens, and nobody brought a lawsuit in that 10-year period. But I would emphasize that some Federal attention to the urgent needs of the Nation that are to be administered by State and local governments, is a sound fiscal measure. In fact, in my belief it is an essential fiscal measure if we are to maintain adequate government and government services in this Nation. The States are not—we are not going to condemn the States entirely for their lack of efforts. The States themselves have been making an increasing effort in the last 10 to 12 years in supporting local government, and in carrying out State finance functions as well. State taxes and debts have risen rapidly in recent years, and the Bond Buyer recently reported more than 60 major changes in tax laws were enacted by State legislatures in 1961, and these were expected to increase revenues by approximately $1 billion.

So that State taxes and debts and local taxes and debts are constantly rising.

I know there is a great argument about any increases in Federal taxes and increases in Federal debt, but it seems to be taken for granted that State and local governments have an unlimited financial capacity, both as to taxes and debt.

Mr. Chairman, I am positive that this is not a truthful assessment of the actual situation. Mr. Chairman, we are interested both in the long-term emergency authority for the President to spend $2 billion in Federal, State and local public facilities, and in the immediate grants-in-aid in the amount of $600,000. We believe both of those are eminently sound. As I say, I am limiting my testimony to the need for public facilities and for Federal participation in the financing of it, and not to the economic aspects of this legislation. But we have an enormous backlog of public facilities needs.

There are a number of Federal-aid programs in airports and in sewage disposal which the chairman was instrumental in enacting in the Congress; and, these also apply to hospitals, and highways, and in a number of other fields, but we truly have a massive backlog now of public facilities that could be put under construction immediately and be completed within the 12-months limitation imposed by the suggested amendment providing the $600 million for grants.

We have the Area Redevelopment Act. In fact, in my State under the $600 million proposal for immediate action we have 42 counties which would be eligible as redevelopment areas under the Area Redevelopment Act, and we have three large areas that would be eligible because they have a substantial labor surplus, namely, Chattanooga, Knoxville, and what is called the Tri-Cities area, Bristol, Kingsport, and Johnson City. Altogether these areas contain about 40 percent of the total population of our State.

I would like to cite one example of a public facility need by a specific community in Tennessee. I am going to refer to Camden, Tenn., in the western portion of our State, as the chairman knows. This community recently, 2 years ago, completed a rebuilding of its water and sewer system, and incurred very heavy debt obligations. It has recently reanalyzed its potential for economic development and finds that it must provide an improvement in its water system costing in excess of $500,000, to build a new pumping and filtration plant on the Tennessee River, and a large transmission line. This community cannot finance this from additional local debt or additional charges or taxes locally. It is in a redevelopment area.

If this program of immediate grants were put through, this community could finance this vital improvement. Hinging on this improvement is the economic future of this community and its entire surrounding areas. It is now about to negotiate arrangements for the location of a plant employing several hundred people in that community, but it must spend $125,000 in water improvements to serve this one plant, and it must build a better water source, because the present sources, wells, are inadequate. It has the potential of two large industrial sites on the Tennessee River, close to navigation and water supply, that would attract large industries, if it can provide water service to these sites. Thus there is a potential here hinging upon a Federal grant for an enormous economic development in one of the poorer and most rural areas of our State.

Mr. Chairman, it has been a pleasure to testify before you, as I have stated before.

Mr. DAVIS. Thank you, Mr. Bingham. I see it is stated at the beginning of your document that you appear on behalf of the American Municipal Association, of course, as well as being the executive director of the Tennessee Municipal League. I think it is a fair statement that you have brought in, I think, apparently a new approach to this whole matter, which is more than refreshing to me, and informative, and which will certainly prove good reading in the record to the other members of the committee.

You were not here when I stated that we have been holding rather long and arduous sessions, and this happens to be a Friday, and a lot of the men are taking advantage of catching up with their office work. You can believe me, the office work is tremendous today, because everybody knows how to write their Congressman about every imaginable sort of thing.

Mr. Baldwin, do you have any questions?

Mr. BALDWIN. No questions.

Mr. DAVIS. Mrs. Pfost.

Mrs. PFOST. No, thank you, Mr. Chairman. I would just like to congratulate the gentleman from Tennessee—are you from Tennessee, sir?——

Mr. BINGHAM. Yes.

Mrs. PFOST (continuing). On a very fine statement, and one which I am trying to read carefully because, as the chairman has just said, it is an interesting approach and we are very happy to have you here.

Let me underwrite what Chairman Davis just said—that we would like, each of us, to spend more time here on the committees, but because of our heavy schedule we just about have to take some time out. That is why I have been a little tardy this morning in getting here.

Thank you very much.

Mr. DAVIS. Thank you again, Mr. Bingham.

Mr. Elmer George, who is director of the Georgia Municipal League, and Mr. W. B. Withers, mayor of Moultrie, Ga., who is president of the Georgia Municipal Association. He will be here to answer any questions and we will be glad to hear from you at this time, Mayor Withers.

STATEMENT OF W. B. WITHERS, MAYOR OF MOULTRIE, GA., PRESIDENT, GEORGIA MUNICIPAL ASSOCIATION; ACCOMPANIED BY ELMER GEORGE, EXECUTIVE DIRECTOR, GEORGIA MUNICIPAL LEAGUE, APPEARING ON BEHALF OF THE AMERICAN MUNICIPAL ASSOCIATION

Mayor WITHERS. Mr. Chairman and members of the committee, these next few moments are not going to be so memorable because of any great pronouncements that I might make, but they will be memorable in the rest of my life for the magnanimity of this committee in allowing me to appear before you and to make a statement on behalf of a matter in which we are vitally interested.

If you will permit me, sir, I will be happy—it is a very brief statement we have and I would be happy to read this statement as I have it prepared.

Mr. DAVIS. Yes, sir, Mayor Withers.

Mayor WITHERS. Thank you, sir.

This statement, as prepared, is as follows:

Mr. Chairman and members of the committee, I am W. B. Withers, mayor of Moultrie, Ga. I appear before you as mayor of my city and as president of the Georgia Municipal Association.

I am honored to be permitted to make a statement on behalf of H.R. 10113, the Public Works Coordination and Acceleration Act, and H.R. 10318, the Standby Capital Improvements Act of 1962, and to offer general comments in connection with the proposed legislation.

In Georgia, as in other States, there are several factors contributing to area and/or general statewide unemployment from time to time. These factors are:

(1) Increased efficiency in agriculture through improved techniques, better seeds and fertilizers, mechanization, consolidation of small farms into larger farms, and, generally, more farm production with less labor.

(2) Increasing emphasis on livestock, forestry, and fruitgrowing which tend to remove considerable acreage from our traditional row crops which used a vast amount of manual labor.

(3) Automation in business and industry.

(4) General decline in the national economy from time to time.

(5) Failure to develop local and areawide economic development opportunities because of lack of capital improvements to provide needed services. These public facilities must be provided to create new job opportunities to keep pace with our population increases and unemployment created by the circumstances explained in paragraphs 1, 2, and 3 above.

In Georgia, much of our chronic unemployment and low income employment generates from our rural areas. With the flooding of migrants from the country to our towns and cities, however, this unemployment problem becomes more profound and more the responsibility of our municipalities. In many areas, not only are we faced with the fact of declining purchasing power, our towns and cities inherit the problems of housing, schools, streets, water and sewerage improvement, welfare, public safety, recreation, and otherwise have to underwrite the expense of improvements necessary to the economy and public well-being.

We endorse and support the general intent of H.R. 10113 and H.R. 10318; however, we subscribe to the principle that opportunity to participate in the programs provided for in the act should not be confined to economically distressed areas. In some cases, the cause of economic decline cannot be cured by artificial stimulation. However, assistance with public works financing in a nearby city might considerably result in the desired effect of creating more jobs in an economically sound development. We suggest this possibility be given strong consideration.

In recognizing that economically distressed areas which meet the requirement criteria provided for in H.R. 10113 and 10318 should be given emergency consideration, we submit that a continuing program of loans and grants should be made available to encourage and assist municipalities generally in carrying out their responsibility to provide public improvement.

Furthermore, it is our opinion that the eligible municipality should participate in Federal assistance programs directly with the Federal agency, or as the case may be, the designated State agency. Much to the dismay of municipal officials, we have seen other stimulating development outside our towns and cities causing an expensive duplication of capital improvements which already exist or could be less expensively expanded in town. This creates a serious distortion of the proven economic principle that the cost of municipal services, utilities, and improvements is directly related to mass of people and distance. The municipality is clearly the best agency to dispense municipal services.

Proof that public facility loans and grants are needed in Georgia is shown on the attached, outlining the approved and disapproved projects. As shown, of the 13 applications which were turned down, most of the towns involved are in areas of chronic unemployment as defined by the Area Redevelopment Act. All of them are relatively small. Investigation shows that had a grant been available to these municipalities as well as a loan, their project application would have been economically feasible.

There are at least 50 other municipalities within our State which have been discouraged from applying for a public works loan because they could not meet the local requirements. Under terms of the proposed public works Coordination and Acceleration Act and the Standby Capital Improvements Act of 1962, most of these towns would qualify and apply for assistance.

The areas of great need and deficit which face our Nation today primarily are located within our municipalities. Our towns and cities must be given financial assistance in promoting and providing necessary capital improvements if we are to cope with the demands of an expanding population and the necessity of a healthy economy. Certainly, H.R. 10113 and H.R. 10318 are steps in the right direction. In addition to providing employment in economically distressed areas, provisions of these acts would have long-range benefits as well.

Mr. Chairman and gentlemen of the committee, I feel that Congress has a positive responsibility to (1) concern itself with measures to bolster employment in areas of declining economy; and (2) to assist the Nation's municipalities in catching up and keeping abreast of requirements for capital improvements. I believe H.R. 10113 and H.R. 10318 are steps in the right direction.

Thank you again for the privilege of offering this statement for your consideration, and allowing me the privilege of appearing here before you. Thank you.

Mr. DAVIS. Thank you, Mr. Mayor. That was a very disarming statement you made in the beginning. We have learned through our relationship with Congressman Carl Vinson, and other distinguished Representatives up here, that we can always have something worthwhile from a man from Georgia. You have made a very fine contribution to this record, Mayor Withers.

Mayor WITHERS. Thank you, sir.

Mr. DAVIS. Mr. Baldwin.

Mr. BALDWIN. Yes, Mr. Chairman.

Mayor Withers, you mentioned a number of applications that have been turned down. As I understand it, those were applications under

the Area Redevelopment Act, which is sometimes referred to as the depressed areas bill.

Mr. GEORGE. Mr. Baldwin, I am Elmer George, director of the association.

We have dug up some of this information for Mayor Withers. The answer to the question is "No," that has to do with the public facilities loans that some of our towns have made application for through the Housing and Home Finance Agency, and, due to the inability of some of our small towns and cities to raise the loan requirements, or the fact that the project itself may be a water development or sewage development project which would be something which would not produce a sufficient income through which the town could repay the loan itself; but if there were some supplementation according to the staff people at the Housing and Home Finance Agency, if it had been on a grant basis, and they had been given some assistance of a grant plus a combination of a loan, perhaps, many of these towns or cities would be able to make application on a feasible basis, and it would have been approved.

Mr. BALDWIN. The reason why I asked is, we have two authorized programs. One is the Area Redevelopment Act, which authorizes both grants and loans, and the other one is the community facilities program, which authorizes loans.

Do I understand you correctly that these applications were under the community facilities program?

Mr. GEORGE. They were taken from some of the past applications under the public facilities loan program. We also have a list of the projects which have been approved under the ARA, and we are getting a number of applications approved there, sir.

Mr. BALDWIN. Could you tell us how many projects the State of Georgia has so far had approved under ARA?

Mr. GEORGE. I have the list in here, sir, and I will be glad to attach this as evidence.

Mr. BALDWIN. Will you attach it to the record?

Mr. GEORGE. Yes, I will be most happy to. There are a great number there. They are not totaled, but there appear to be about 30 to 40.

Mr. BALDWIN. That have been approved under ARA?

Mr. GEORGE. Yes, sir.

Mr. BALDWIN. I am rather puzzled, because the Governor of the State of Michigan was here yesterday, and he said his State had not had one approved.

Mr. GEORGE. Overall economic development plans approved.

Mr. DAVIS. Perhaps he had better check the official record, Mr. Baldwin, and submit it.

Mr. BALDWIN. I am not sure this is ARA. I do not think there is that number approved in that part of the country.

Mr. GEORGE. I think correctly there are 39 under ARA and one under the major industrial areas designation.

Mr. BALDWIN. The reason why I am puzzled is we got a listing from the ARA a few days ago which only showed they approved seven in the country, and I am very puzzled that you have so many in Georgia.

Mr. GEORGE. This is the plan itself. That is the OEDP that has been approved. I don't know how many loans.

Mr. BALDWIN. What I wanted to get is how many actual loans have been approved for construction.

Mr. GEORGE. Apparently the only project we have approved is one in the Cedartown area.

Mr. BALDWIN. One?

Mr. GEORGE. Yes. The others are a plan. The OEDP's have been approved, but the loan applications have not been processed.

Mr. BALDWIN. Thank you.

Mr. DAVIS. Thirty-nine applications and only one in the whole State approved.

Are there any other questions from any member of the committee?

Thank you, gentlemen, for your kindness in appearing before this committee.

The documents furnished by Mr. Withers and Mr. George will be made a part of the record at this point, without objection.

(The documents referred to are as follows:)

AREA REDEVELOPMENT ADMINISTRATION—STATE ANALYSIS SHEET

(Georgia: Senator Richard B. Russell, Democrat; Senator Herman E. Talmadge, Democrat)

Field coordinator

Edward Downs, Center for Continuing Education, University of Georgia, room 233, Athens, Ga.

D. Fred Hurley, 400 Home Savings Building, 75 Forsyth Street NW., Atlanta, Ga.

Major industrial areas designated

Labor market	Area definition	Congressional district	Congressman
Carrollton	Carroll County	4th	James J. Flynt, Jr. (Democrat).
Cedartown-Rockmart	Paulding and Polk Counties	7th	John W. Davis (Democrat).

Rural and small labor market counties designated

County	Congressional district	Congressman
Bryan, Bulloch, Burke, Jenkins, McIntosh, Montgomery, Screven, Toombs, and Wheeler.	1st	G. Elliot Hagan (Democrat).
Baker, Calhoun, Dougherty, Early, and Worth	2d	John L. Pilcher (Democrat).
Chattahoochee, Clay, Crisp, Dooly, Lee, Macon, Marion, Pulaski, Randolph, Schley, Stewart, and Sumter.	3d	Elijah L. Forrester (Democrat).
Taylor, Terrell, and Webster	3d	Elijah L. Forrester (Democrat).
Heard, Henry, Meriwether, and Talbot	4th	John J. Flynt, Jr. (Democrat).
Baldwin, Glascock, Hancock, Jefferson, Johnson, Laurens, Twiggs, and Washington.	6th	Carl Vinson (Democrat).
Brantley and Wayne	8th	Iris F. Blitch (Democrat).
Banks, Barrow, Dawson, Forsyth, Habersham, Lumpkin, Rabun, Towns, Union, and White.	9th	Phillip M. Landrum (Democrat).
Elbert, Franklin, Lincoln, Oglethorpe, Taliaferro, Walton, Warren, and Wilkes.	10th	Robert G. Stephens, Jr. (Democrat).

Indian reservations designated

None.

Overall economic development plans approved

County	Congressional district	Congressman
Screven	1st	G. Elliott Hagan (Democrat).
Dougherty and Worth	2d	John L. Pilcher (Democrat).
Lee, Randolph, Schley, Marion, Terrell, Stewart, Macon	3d	Elijah L. Forrester (Democrat).
Meriwether	4th	John J. Flynt, Jr. (Democrat).
Jefferson, Johnson, Laurens, and Washington	6th	Carl Vinson (Democrat).
Paulding and Polk (Cedartown and Rockmart)	7th	John W. Davis (Democrat).
Habersham, Lumpkin, Towns, and White	9th	Phillip M. Landrum (Democrat).
Warren, Wilkes, and Elbert	10th	Robert G. Stephens (Democrat).
Webster	3d	Elijah L. Forrester (Democrat).
Toombs	1st	G. Elliott Hagan (Democrat).
Clay, Crisp, and Sumter	3d	Elijah L. Forrester (Democrat).
Glascock	6th	Carl Vinson (Democrat).
Brantley	8th	Iris F. Blitch (Democrat)
Union	9th	Phillip M. Landrum (Democrat).
Taliaferro and Oglethorpe	10th	Robert G. Stephens, Jr. (Democrat).

Overall economic development plans pending

County	Congressional district	Congressman
Burke	1st	G. Elliott Hagan (Democrat).
Baker	2d	John L. Pilcher (Democrat).
Carrol	4th	John J. Flynt, Jr. (Democrat).
Barrow, Rabun, and Dawson	9th	Phillip M. Landrum (Democrat).
Franklin	10th	Robert G. Stephens, Jr. (Democrat).

Projects approved

Location and description	Congressional district	Congressman
Cedartown-Rockmart area:		
City of Cedartown: Water and sewage system to Inland Homes Corp., $260,000 public facility loan—100 jobs.	7th	John W. Davis (Democrat).
Cedartown-Rockmart: Training and subsistence program approved Feb. 27, 1962, $69,679—20 stenographers, 20 clerks, 20 draftsmen, and 20 bookkeepers.	7th	Do.

Projects pending

Location and description	Congressional district	Congressman
Jefferson County: city of Wadley, improvement of facilities to enable full use of manufacturing plants, $375,030 public facility grant—30 jobs.	6th	Carl Vinson (Democrat).
Union County: Blairsville Industries, Inc., addition to present plant, $67,318 independent loan—160 jobs. Georgia Mountain Enterprises Corp., construct, maintain, and operate tourist facility, $650,000 independent loan—68 jobs.	9th	Phillip M. Landrum (Democrat).
White County: Town of Helen, revamp water system, $40,000 public facility grant—20 jobs.	9th	Phillip M. Landrum (Democrat).

Projects withdrawn

Location and description	Congressional district	Congressman
Cedartown-Rockmart area: City of Cedartown, water and sewage system to Inland Homes Corp., $260,000 public facility loan and grant.	7th	John W. Davis (Democrat).

Projects denied

Location and description	Congressional district	Congressman
Terrell County: City of Dawson, sewage facilities, $930,000 public facility loan and grant.	3d	Elijah L. Forrester (Democrat).
Warren County: City of Warrenton, extension of water and sewerlines to industrial park, $99,000 public facility grant.	10th	Robert G. Stephens, Jr. (Democrat).

Mayor WITHERS. Thank you, sir.

Mr. DAVIS. If there is nothing further, the committee will be in recess until 10 o'clock Monday.

(Whereupon, at 11:20 a.m., the hearing was recessed until 10 a.m. Monday, April 2, 1962.)

STANDBY CAPITAL IMPROVEMENTS ACT OF 1962

MONDAY, APRIL 2, 1962

House of Representatives,
Committee on Public Works,
Washington, D.C.

The committee met, pursuant to recess, in room 1302, New House Office Building, at 10:10 a.m., Hon. George H. Fallon presiding.

Mr. Fallon. Ladies and gentlemen, the Public Works Committee is meeting this morning in continuation of a hearing on H.R. 10113 and H.R. 10318, legislation known as the Standby Capital Improvements Act of 1962.

Before we begin, our counsel would like to make a statement for the record.

Mr. Sullivan. Mr. Chairman, last Wednesday, when the General Services Administration was testifying before the committee, in response to a question I believe I left the impression that the General Services Administration does not have the authority under the Public Buildings Act of 1959 to construct a building for post office use exclusively. If I left that impression, I was wrong, because under section 13 of the Public Buildings Act of 1959, concerning public buildings and post offices, the General Services Administration does have the authority to build a building exclusively for post office use. As a matter of practical procedure, since the enactment of the Public Buildings Act of 1959, one building exclusively for post office use has been approved and OK'd by the General Service Administration. That is one at Thomasville, Ga. Another in Webster, Mass., is also under design, and does include some small space for another Federal agency. So at the present time, although the General Services Administration does have authority to build a post office building, as such, the bulk of the post office buildings in the United States are still being constructed either under the leasing authority of the Post Office Department, or under their modernization program.

Thank you, sir, for allowing me to correct that one point.

Mr. Fallon. Thank you.

Our first witness this morning will be Prof. Horace M. Gray. Professor, will you come up here, please?

STATEMENT OF HORACE M. GRAY, PROFESSOR OF ECONOMICS, UNIVERSITY OF ILLINOIS

Mr. Fallon. Professor Gray, will you give your name and title and your association?

Mr. Gray. My name is Horace M. Gray. I am professor of economics at the University of Illinois.

Mr. FALLON. Go right ahead, Mr. Gray.

Mr. GRAY. Mr. Chairman, I am very glad to have an opportunity to be here. I have been interested in this public works program for many years, going back to our first experience with this in the thirties. Some of my ideas probably reflect the experience we had during those hectic times.

Last year, on May 19, 1961, I appeared before the Subcommittee on Employment and Manpower of the Senate Committee on Labor and Public Welfare to comment on S. 986 (87th Cong., 1st sess.), the Emergency Employment Acceleration Act of 1961, which had been introduced by Senators Clark, Randolph and Pell. That bill, as you know, sought to reduce unemployment by accelerating the capital investment program of State and local governments.

For my testimony, see Hearings, pp. 74–79, and the subsequent panel discussion.

In my testimony before Senator Clark's subcommittee I stressed the need for a large-scale, long-range, comprehensive public investment program to strengthen the deficient public sector of our economy, to bring it into better functional balance with the private sector, and to meet rapidly expanding social needs over the coming generation. This task, I suggested, would require a sustained investment program extending over a generation, an orderly, systematic allocation of capital as between the public and private sectors, and fiscal reforms to insure that it could be achieved without inflation. The objective, as I emphasized, should be to meet social needs by planned public investment, not to stimulate the private economy or to solve the temporary problem of cyclical unemployment.

Under existing institutional arrangements and without careful advance planning, emergency public works are not likely to prove an effective weapon against unemployment. Such works cannot ordinarily be started quickly enough to provide relief; once started, they cannot be terminated if unemployment declines. Projects susceptible of quick initiation may be in the wrong location or of the wrong character to make a significant dent in total unemployment. Unless legal and financial, as well as engineering, plans are complete, projects may be blocked or subject to long delays. Thus, in private emergency public works may actually operate as a procyclical, rather than an anticyclical, influence, exaggerating both booms and depressions. Within the context of our complicated and uncoordinated institutional system a public works program cannot be operated successfully on a push-button, go-and-stop basis.

These arguments, however, would not apply with equal force against a public investment program of the scope and character contemplated in my testimony before the Clark subcommittee. If public works were really a "going concern" in this country, that is, organized on a national scale with Federal, State and local efforts coordinated, carefully planned in advance and supported by an assured and readily available supply of funds, then such a system might contribute significantly to the relief of cyclical unemployment. The magnitude, diversity and readiness of the program would provide considerable internal flexibility within the system as a whole. The aggregate inflow of resources, capital and labor, could be accelerated or retarded, as economic conditions might warrant. New projects could be

launched quickly and in locations of heaviest unemployment. While particular projects, once initiated, would be characterized by inflexibility, the system as a whole would possess sufficient internal flexibility to provide substantial anticyclical effects. The investment program, being a "going concern" characterized by planned continuity, would be governed by administrative decisions of more or less, never by arbitrary choices between go or stop, much or nothing.

The crux of the problem, then, is comprehensive organization and planning. Without this the diverse, uncoordinated investment activities of Federal, State and local governments can never be integrated nor directed toward common goals, such as economic stabilization or full employment. Since we need a large public investment program for an indefinite period to meet urgent and growing demands this program should be so organized and coordinated as to make a maximum contribution to other social objectives, such as maintenance of employment and purchasing power.

H.R. 10113 recognizes this need for planning and coordination in its declaration of purpose, its creation of the Office of Public Works Coordination and Acceleration, and its provisions for a Director to administer the program. The planning functions of the Director, as set out in sections 4–8, are calculated to produce a comprehensive public investment program, embracing all levels of government, and reflecting long-range social needs. The schedule of priorities and allocations, and the stockpile of ready plans, which the Director is required to prepare, are designed to facilitate acceleration in accordance with varying employment conditions.

The acceleration principle, as provided in sections 9–11, is excessively circumscribed and mechanistic. It it geared to a statistical indicator of unemployment and can become operative only when this indicator reaches a certain point. It can operate until suspended by the President or for 12 months, whichever first occurs. It contemplates only such stimulation effects as may be induced by a total expenditure of $2 billion—which is less than 0.4 percent of GNP and about 2.5 percent of total private and public investment. No allocation may be made to State and local governments unless it results in a net increase of their current capital expenditures. The cutoff provision appears to be quite arbitrary, being unrelated to the then prevailing unemployment rate, the general state of the economy, or the social necessities of the people. Thus circumscribed and restricted, the plan is not likely, I judge, to provide much stimulus for the economy or much relief for the unemployed. As a contribution to the long-range public investment needs of the country its value is minimal.

The planning and coordination features of H.R. 10113, however, if properly supported and vigorously pursued, would provide a sound beginning for a national public investment program on a scale commensurate with modern needs. In the 1930's, we had a National Planning Board—and later a National Resources Committee—whose bold and imaginative reports laid the groundwork for what might have become a national public investment program of incalculable value to the Nation. That first great effort failed, and for nearly 30 years now our public investment efforts have suffered from want of central planning and coordination. This piecemeal, hit and miss,

fragmentary procedure has resulted in the relative deterioration of the public economy and in the accumulation of vast unmet needs, the satisfaction of which will require a very large investment program over the next generation. The very magnitude of this problem calls for planning and coordination, the establishment of priorities, and the prudent allocation of our limited capital resources.

In this connection, it is imperative, I think, that financial planning be included as an integral and indispensable feature of total planning. We need an orderly, systematic procedure for the allocation of capital as between the private and public sectors of the economy; and, subsequently, for the allocation of the public portion among competing uses and among Federal, State, and local governments. Thus, for example, if the economy were able to generate $100 billion of savings per year, we might elect to allocate $75 billion to private investment and $25 billion to public investment. Of the latter, or public portion, we might then elect to have the Federal Government, through its various agencies, invest $10 billion. These figures are simply illustrative. The private portion can and should be allocated among competing uses by the free capital market, but the public portion must be allocated among competing uses and various levels of government by collective decisions reached through operation of the democratic process. The Federal Government, by virtue of its superior constitutional and fiscal powers, cannot escape responsibility for leadership in this national enterprise.

Whatever institutional arrangements may be devised to implement this public investment program, it is imperative that it be carried forward on a sustained, noninflationary basis. Public investment is simply too important, too vital for the welfare of our people and as a foundation for a prosperous private economy, to permit its benefits to be nullified by the curse of inflation. What does it profit us to plan and execute urgently needed, highly beneficial public works if we do it in a manner that begets inflation—one of the worst of all social evils? In the long run the worst enemies of public investment are the inflationists for they bring the whole enterprise into disrepute and call up violent opposition against it—not on its merits, but rather on the demerits of its financing. There is no necessary functional relation whatever between public investment and inflation; the association of the two in the public mind stems solely from previous financial mismanagement. This artificial linkage can and should be broken by putting public investment on a sound financial basis. I regret to observe that I see no evidence of this in either H.R. 10113 or H.R. 10318. Both appear to contemplate public works by deficit financing.

Mr. Chairman, the proposal to make available $600 million immediately was initiated after I prepared this paper. Hence my paper contains no comments on that matter. I think I shall forego for the time being anything further on that matter and have something to say later.

Thank you.

Mr. FALLON. Thank you very much, Professor Gray.

Are there any questions to my right?

Mr. BALDWIN. Mr. Chairman.

Mr. FALLON. Mr. Baldwin.

Mr. BALDWIN. Professor Gray, in the last two sentences you mentioned that you regret to observe that you see no evidence of a sound financial basis under either H.R. 10113 or H.R. 10318. Would you be able to suggest to this committee how you feel these two alternate bills should be financed to accomplish the objectives you feel should be accomplished?

Mr. GRAY. What I had in mind there was that in the event that the standby acceleration principle was called into effect on order of the President, and the $2 billion were to be spent within the time limit prescribed, as I see it he would have no recourse other than to make appropriation irrespective of the fiscal position of the Federal budget, and it would be very likely to result in more deficit financing. The thing I am particularly concerned with here is—and I have had long experience with this—I hate to see public works which are so essential and valuable to the country be condemned on the ground that they are inflationary. This is not true.

If we do it in a way that results in continued deficit financing, then we lay ourselves open to the charge of promoting inflation, and this arouses a lot of opposition against it.

Mr. BALDWIN. As I understand the two bills, H.R. 10113 would authorize an advance contract authority to expend the $2 billion, and H.R. 10318 would authorize the Administration to take unobligated funds that have been appropriated in the past, but not yet spent, for the purposes for which they were appropriated, and divert them to the construction of public works. Then the Administration would have to come back to Congress to request additional appropriations to make up the gaps wherever those funds were taken from.

It is correct, as I interpret the bills, that the result of either approach would be deficit financing.

Do I understand basically that you feel we should pass an outright authorization if we are going to a program of this type—that we should pass an outright authorization and appropriation to start with, so we meet it face to face, rather than going around the side door?

Mr. GRAY. I think this should be planned in advance and provision made in advance, so that the funds would be there without deficit financing in case the acceleration principle were called into play.

Mr. SCHERER. Will you yield for a question on that point?

Mr. BALDWIN. Yes.

Mr. SCHERER. Under our present fiscal situation in this country, there is no other way of doing this except by deficit financing, is there?

Mr. GRAY. Well, this is what I am objecting to, you see. You find yourself caught in an emergency so you engage in deficit financing. This has been one of our troubles over the years with the public works program—that it is regarded as an emergency program—something you do if you get into an economic emergency.

What I am urging is that it be put on a long-range, systematic program basis previously made. Then you could accelerate it, or retard it, in keeping with economic conditions, without getting caught in an emergency situation.

Mr. SCHERER. The evils of deficit financing not only apply, Professor, to these public works programs that might have to be financed by more deficit financing, but to almost anything the Government might do. So in order to carry out this program we would have to

engage, as you point out, in more deficit financing, or we would have to raise taxes considerably, would we not?

Mr. GRAY. Well, we would have to——

Mr. SCHERER. Start to pay as you go is the only sound way to do it, isn't it?

Mr. GRAY. As I suggested previously here, you might be able to shift unneeded funds from other areas into this particular area without any increase in the total expenditures, if there are unused funds available.

Mr. SCHERER. I don't know where those are.

John, were you finished?

Mr. BALDWIN. Yes, go ahead.

Mr. SCHERER. You said on page 4, sir:

> This piecemeal, hit and miss, fragmentary procedure has resulted in the relative deterioration of the public economy and in the accumulation of vast unmet needs, the satisfaction of which will require a very large investment program over the next generation. The very magnitude of this problem calls for planning and coordination, the establishment of priorities, and the prudent allocation of our limited capital resources.

Then near the bottom of the page, that same page, you say there:

> Thus, for example, if the economy were able to generate $100 billion savings per year, we might elect to allocate $75 billion to private investment and $25 billion to public investment. Of the latter, or public portion, we might then elect to have the Federal Government, through its various agencies, invest $10 billion, State governments $5 billion, and local governments $10 billion.

To do the job you say you think is needed to be done, how much do you say we should invest each year in these public works programs which have deteriorated to the extent you say they have?

Mr. GRAY. Well, there have been a number of studies by different men who have undertaken to estimate what the accumulated needs of the country were, and what the developing needs over the next 25 years might call for. These estimates are very large. There is a considerable range, depending upon what is included in the total category of public investment, but every study that has been made indicates that there are very large unmet needs, and that these needs are growing very rapidly, due to the growth of industry and the growth of population.

So I used those figures as an illustration of how it might be done. There have also been various estimates made of how much investment we need to put into the private sector of the economy.

Mr. SCHERER. Do you have some rough idea of how many billions of dollars you think the Federal Government should spend each year to meet the problem which you discussed in your memorandum?

Mr. GRAY. I think that 25 percent that I used would not be far wrong.

Mr. SCHERER. What would that amount to in billions, for the record?

Mr. GRAY. I assume there the economy was able to generate $100 billion of savings. That is looking into the future. We are not doing that now. But if the national income grows, as expected, we will very shortly be up to that figure, and the annual savings will be around $100 billion. Then it becomes a question as to how much of that will move to the private economy, and how much into the public sector.

Mr. SCHERER. I don't want to push you too far, sir, but is there any way for this record you are making here that you could give us

what, in your opinion, should be spent in dollars by the Federal Government to correct the condition which you point out exists in your memorandum? Approximately.

Mr. GRAY. Well, I could give you the range of figures.

Mr. SCHERER. Not exactly.

Mr. GRAY. You find in the estimates that have been made by various people considering the Federal, State, and local governments together, it will run anywhere from $20 up to $40 billion.

Mr. SCHERER. You are aware, of course, of the Federal Government's present financial situation, owing $290 billion, and running a deficit of perhaps $10 billion next year. In view of what you have just said about inflation, and what you have just said about deficit financing, do you see any way in which we could put that kind of money in the public works programs in the immediate future?

Mr. GRAY. I think we are going to have to find some way to move more of our capital into the public sector in the next few years. I think the developing needs all over the country are going to require this. We are going to have to have some priorities, I think, on what comes first. It may that some things we are doing will have to be curtailed in order to do other things.

I think we have not faced this problem yet. The States and local governments—I am quite familiar with their operations and they are doing about all they can. Perhaps some of them are doing more than they can really finance handily, and some of them are in very bad shape financially.

Mr. SCHERER. Not quite as bad as the Federal Government.

Mr. GRAY. Well, I am not sure of that.

Mr. SCHERER. Have you had an opportunity to read Senator Byrd's statement in the course of the debate recently in the Senate at the time that they were raising the debt limit?

Mr. GRAY. I read some newspaper summaries of his statements.

Mr. SCHERER. Thank you, sir.

Mr. FALLON. Are there any other questions?

Thank you very much, Professor Gray, for your very fine statement.

Professor Hufschmidt? Would you give your name, and you may proceed, Professor.

STATEMENT OF MAYNARD M. HUFSCHMIDT, DIRECTOR, HARVARD WATER PROGRAM, GRADUATE SCHOOL OF PUBLIC ADMINISTRATION, LITTAUER SCHOOL, HARVARD UNIVERSITY

Mr. HUFSCHMIDT. I am Maynard M. Hufschmidt, director of the Harvard water program, their Graduate School of Public Administration, Harvard University.

Mr. Chairman and members of the committee, first I want to express my appreciation for the opportunity to speak before you today.

In view of the extensive testimony already presented, I can add little new evidence to support the need for Presidential standby authority to start or speed up public capital improvements. But these general points deserve restatement:

(1) If fiscal and monetary policies are to have any significant counteracting effects on a slight or even a moderate economic downturn, corrective action must be taken promptly once existence of the

downturn has been established. For, we know that a lag of several months may occur between the start of a recession and its identification by policymakers reading the economic indicators. When the need for corrective steps is recognized, the actions required may already be overdue.

(2) Steps to counter the downswing must be big enough so that, when undertaken promptly, they have a major impact on the economy.

(3) Acceleration of capital improvements takes its place, with tax reduction and the lowering of interest rates, as potentially effective antirecession measures that ought to be available for prompt application, singly or in combination, as required.

(4) It follows that public works acceleration, to be an effective tool, must be applied promptly, and be of sizable scale.

The standby authority sought by the President is essential to a prompt start. This is because substantial lags inevitably occur between the granting of authority to proced with public works and actual start of construction. Under existing conditions without such authority we run the danger, in short recession cycles, of obtaining major employment and income effects from public works only after we no longer need them.

(5) The level of $2 billion of acceleration authority sought by the President appears to be none too large, when related to current annual expenditures of $7.3 billion for Federal and federally aided public works, $57 billion for total new construction—private and public—put in place in 1961, and the $542 billion annual rate for gross national product in the fourth quarter of 1961.

I turn now to a special aspect of the use of public works for employment that was investigated by the Harvard research program with which I am associated. In dealing with questions of how to prepare optimal plans for large-scale, complex water resources developments, we had to decide what weight, if any, we should give to employment or unemployment in preparing the best plan. Should a project be designed differently where there is substantial unemployment than where full employment is the rule?

The answer, presented in a book recently published by the Harvard University Press entitled "Design of Water-Resource Systems," depends, in part, on the kind of unemployment situation that is present. Two kinds are significant here:

(1) Longrun, structural unemployment, such as now exists in many depressed areas throughout the country.

(2) Shorter run, cyclical unemployment, national in scope, such as this country has experienced in the four relatively mild recessions of the past 14 years.

We found that, in the case of longrun structural unemployment, projects should be planned so as to take the facts of unemployment into account. Because, in this case, the unemployment is likely to be present when the project is built, indefinite as this time may be, the real or social costs of the project in terms of labor diverted from other purposes are very likely to be less than the money costs. For some classes of labor, real costs may approach zero. When real costs are taken into account, this means that projects would be planned to larger scale under conditions of structural unemployment than under full employment conditions; indeed, some projects whose bene-

fits would be less than money costs would turn out to have benefits in excess of real costs.

Of course, there may be more effective ways of handling the long-run unemployment of a depressed area than building water resources projects. These means must obviously be explored before one ought to conclude that a water resources project should be planned and built in this way. There is no substitute for overall, long-range plans for handling depressed area problems, and water projects, as indeed all public projects, ought to be tailored to fit such plans.

In the case of short run, cyclical unemployment, however, projects should not be planned to take explicit account of unemployment. That is, the scale of projects should not be increased just because the economy is in a downswing at the time the project is being planned. For there is no assurance that unemployment will be present when the project is readied for construction. The better policy is to plan the project assuming full employment, and, if the need and opportunity arises, to schedule the start of the project or its rate of construction to alleviate cyclical unemployment. Most large-scale water resources projects require several years to build, and thus are not well qualified as new starts in an antirecession program. Such project construction once underway, however, can be accelerated to some degree to provide extra employment and, when there is no longer need for an employment boost, they can be decelerated.

I understand that this committee has before it two separate but related proposals. One provides standby authority to accelerate public works to meet short-term cyclical unemployment problems. As I have indicated, cyclical unemployment should not be taken into account in designing water resources systems; but it may well call for accelerating the construction of systems already underway. The second proposal, requested by President Kennedy just 1 week ago, is the immediate start of a $600 million capital improvements program to give a boost to some 950 depressed or lagging areas. The structural unemployment in these areas should be taken into account in designing water resource systems and, indeed, other projects as well; in addition, their construction can be accelerated.

Focusing again on the proposal for standby authority for accelerating public works, what results can be expected from the use of this authority? I deal first with the Federal capital improvements program. Given an effective period of 18 months to 2 years from the triggering of the program, to its termination, primary reliance must be given to acceleration of existing construction. Since expenditures on new work would build up very slowly, any heavy reliance on these would mean that a satisfactory expenditure rate would be reached only in the latter half of the period. Of course, this situation could be mitigated by stepping up advance planning on those Federal capital improvement programs most likely to be completed within a year after starting—projects on national forests, public lands, fish and game reserves, and the like. But all past experience indicates that, even under the best of conditions, expenditures in the short run on new starts for conventional Federal public works will be disappointingly low in relation to the desired goal.

We should visualize an accelerated program for Federal public works, therefore, where expenditure increases in the early months

flow largely from speedup of construction on projects already underway, while new starts make their greatest contribution only toward the end of the period.

An important factor in achieving speedup of construction expenditures is the effective distribution of available funds among a large number of programs and projects. In the short run, the capacity for expansion of any given program or project is limited by the minimum time required for certain steps in the construction process—the time required for concrete to cure in a large dam, for example—and by the size and nature of program and project administration. Thus the more Federal programs involved, and the more individual projects involved in each program, the more effective the speedup.

Non-Federal projects should offer even more opportunities for accelerating the expenditure rate than do Federal projects, because so many more individual programs and projects are involved, thus allowing greater possibilities for speedup. But, an important limitation here is the time involved in the processing of applications for grants for new construction starts. Here, as in the case of Federal projects, speedup of construction on projects already underway would seem to offer the best hope for early gains in expenditure rates. Emphasis should be given to this type of grant from the very start of the acceleration program.

Of course, the success of any speedup program requires advance preparations, especially, advance planning of the individual projects. Existing Federal and non-Federal programs to this end should be strengthened.

Acceleration of capital expenditures necessarily involves costs and in some instances these may be sizable. To the extent that speedup goes well beyond the most efficient rate of project construction, projects will cost significantly more than otherwise. Inefficiencies and higher costs may also arise in speedup of processing of project applications for Federal-aid projects. Such excess costs are directly chargeable to the unemployment alleviation program. Where no reimbursement of project costs is called for by the Federal Government, no special problem arises. For some Federal projects, however—irrigation, water supply and power projects, for example—substantial reimbursement is required. In these cases, excess costs caused by speedup should not be reimbursable as they are incurred for a national purpose of alleviating short-run cyclical unemployment.

ADMINISTRATION OF THE PROGRAM

Much of the acceleration program proposed by the President can be administered through existing agencies. For example, Federal agencies charged with direct construction can, and many do, prepare and keep up-to-date advance project plans and overall construction programs. These agencies would, of course, be in actual charge of acceleration of their programs. Federal agencies in charge of grants and loans to non-Federal entities can make advance preparations for possible speedup, aided, in some cases, by advance planning grants to local agencies from the Housing and Home Finance Agency. Again, detailed administration of the speedup program would be in the hands of those agencies handling loans and grants.

There remains the problem of advance preparation, initiation and coordination of the speedup program as a whole. This is very likely a task for the Executive Office of the President, although an alternative is to give the detailed responsibility to a Secretary of one of the major departments, with only overall economic, fiscal and budgetary policy guidance from the Executive Office.

If the authority is to be within the Executive Office there are at least two major alternatives.

(1) Use the existing units in the Executive Office, the Council of Economic Advisers and the Bureau of the Budget. This alternative has been recommended by the administration.

(2) Establish a new unit in the Executive Office, independent of the Council and the Bureau, for this purpose.

As for the first alternative, this requires augmenting the staffs of both the Council and the Bureau, and perhaps the establishment of subunits within these agencies. Existing working relationships within the Executive Office would not have to be altered.

The second alternative would endow the program with an administrative arrangement that would emphasize its importance. On the other hand it would require major adjustments in existing arrangements in the Executive Office, and it raises once again the basic question of organization of the Executive Office. Should major functional or special purpose programs which cut across many Departments of Government be represented by special administrative units in the Executive Office?

My preference is for the first alternative, to use existing units in the Executive Office. But this implies that, from the very start, the administrative resources devoted to this program in the Executive Office would be strengthened. Also, once the standby authority were invoked, there would be need for a single expediter of the program.

To summarize: Standby authority for accelerating public works would be a very useful tool in the antirecession arsenal of the Federal Government. The size of the program—$2 billion to be used over 18 months to 2 years—gives promise of making a significant impact on the economy; a smaller level would probably have insufficient impact while a larger program may well be beyond the present capacity of the Government to handle. Major reliance should be placed on accelerating existing projects; for, only if the recession extends well beyond 1 year, will new starts contribute significantly to expenditure increases. Administration of the program should be through existing units in the Departments and the Executive Office.

Mr. FALLON. Thank you, Professor, for a very fine statement. Are there any questions on my right?

Mr. KUNKEL. I would like to ask a question.

Mr. WRIGHT. Mr. Chairman.

Mr. FALLON. Mr. Wright.

Mr. WRIGHT. Professor Hufschmidt, we have had some testimony before the committee indicating the measure of unemployment which continues after each temporary recovery from a recession. I am concerned lest the expenditure of these $2 billion serve solely as an alleviant after which we find ourselves confronted again with the same problem.

Don't you feel it might be useful in such a program to give a priority to that type of public works undertaking which would stimulate additional activity in the private sector as well for the long-range benefit? I am speaking basically in terms of such things as water resource developments, and stream pollution control programs, irrigation, water supply, additional power generating facilities, which will turn loose a continuing organism of potential employment as opposed to such things, laudable as they are, as public buildings, which are a one-time and one-shot operation. Do you feel it would be worthwhile to try to give some priority to these things that will stimulate additional activity also in the private sector?

Mr. HUFSCHMIDT. Well, I think in terms of this standby program, that the criteria which are set up would almost rule out most of the types of projects which you speak of because of the time involved in completion. I think you have here a different concept and a different program. The Federal water resources program is now running around somewhere between $1½ billion and $2 billion a year. This program, of course, to be—its justification stands on its own merits, and whether this level is the appropriate level for our present continuing national program and national budget is a question. I don't know the answer to that, but that would seem to be the direction; if we want to use water resources to help stimulate the economy, we want to increase the going level of the water resources budget.

Mr. WRIGHT. It seems to me that to alleviate unemployment even temporarily is a laudable and worthwhile goal in itself, but if at the same time we can contribute to the growth of the economy it would seem to me we would be doing a much greater and much better thing.

Mr. HUFSCHMIDT. That is true, but in terms of a program that is involved here, with which I agree, a program that you can start quickly, and the effects of which can be turned off after a year, or 18 months, or 2 years at the most, in terms of that type of program the longer range program of which you speak is largely ruled out, except on the acceleration side, which would tend to bring in the projects earlier than otherwise, but at some costs.

However, I think of these programs as being supplementary rather than competitive. I do not think you can take this program and establish a criterion for giving precedence to water resources projects, or these kinds of stimulating projects that you speak of and fulfill the major purpose of it.

Mr. WRIGHT. I think you may be thinking primarily in terms of great, big dams. I am thinking in terms of such things as upstream soil conservation, and local flood control, and land reclamation projects, and projects for improvement of local sewer and distribution systems, which create additional expenditures in the private sector.

Mr. HUFSCHMIDT. I do not interpret this as ruling these out.

Mr. WRIGHT. No. Of course not.

Mr. HUFSCHMIDT. It may be to the extent these kinds of projects are involved you may wish—I would agree with you to this extent: To the extent that they meet the basic criteria of early starting and early termination, then you may wish to give some priority; but the chances are that the number of projects that will be ready to go will be so limited that there will be tendency to take what is available. This is underscoring what Professor Gray said, that our past experi-

ence with the start of public works projects has shown rather limited expenditure increases in a short time. It is disappointing, but true. We should not expect too much from even a $2 billion program in the first 6 months or a year.

Mr. WRIGHT. Thank you.

Mr. FALLON. Are there any further questions?

Mr. KUNKEL. Mr. Chairman.

Mr. FALLON. Mr. Kunkel.

Mr. KUNKEL. What is the Littauer School?

Mr. HUFSCHMIDT. It is a graduate school of public administration.

Mr. KUNKEL. Public administration?

Mr. HUFSCHMIDT. That is right.

Mr. KUNKEL. And what is the Harvard water program?

Mr. HUFSCHMIDT. This is a program of research that started in 1926, originally. At that time it was combined research and training. The research was on the planning of large-scale, complex water resources systems. The purpose of the research was to find better ways of planning these huge river basin developments in better ways in a sense where we would combine purposes and combine the various kinds of structures, so we would get the most out of them, and they would be the most effective expressed in benefit-cost terms, in design and planning, and with the most benefits. The program in its early stages involved advanced training for public servants from the Federal and State governments in the water resource agencies—the Army Corps of Engineers, the Reclamation Service, the Soil Conservation Service, and from the California State Department of Water Resources.

Currently we are involved in, or we have completed the first stage of the research and the results have been published recently by the Harvard Press, and currently we are in the second stage, which involves application of certain techniques of analysis that we worked out.

In this stage we have a research contract with the Army Engineers on a basic research grant for resources in the future. It is an attempt to apply basic research techniques, including the capabilities of the large-scale computers, to the design and planning of water resource projects and programs.

Mr. KUNKEL. It is a school where you train people and they get a degree?

Mr. HUFSCHMIDT. That is right. At Littauer typically a public servant from the Federal or State agency has several years of experience, and sometimes as many as 10 or 15. He will take a year off and get training, advanced training, to improve his expertise in economics, or public administration in government, or courses in his specialty, through the university.

Mr. KUNKEL. It is generally designed as a business school?

Mr. HUFSCHMIDT. That is right. It is the counterpart of the business school for the public service.

Mr. KUNKEL. And you also take graduates who come right from the colleges?

Mr. HUFSCHMIDT. That is right. Yes. The student group is made up, I would say, primarily of public servants of some experience, but there is perhaps a small group directly with bachelor degrees.

Mr. KUNKEL. And you have a practical side in which you do work with various Federal Government agencies?

Mr. HUFSCHMIDT. Yes. The typical relationship is a combination of the academic and the experience or practical side, which is carried out through seminars. There is a seminar in science and public policy, for example, in which many public servants from the scientific agencies come to Littauer for a year to participate.

Mr. KUNKEL. Do you cooperate and work with any private businesses?

Mr. HUFSCHMIDT. The Science and Public Policy Seminar does have a relation with the large private research groups. I am not too clear on this, but I understand Bell Telephone and groups of this kind.

Mr. KUNKEL. Just on research?

Mr. HUFSCHMIDT. Yes. That is right.

Mr. KUNKEL. Not on construction?

Mr. HUFSCHMIDT. You mean on——

Mr. KUNKEL. I mean, on the actual construction of projects. You don't go into that, but stick strictly to the research side of it?

Mr. HUFSCHMIDT. Oh, speaking now about our water resources program?

Mr. KUNKEL. Yes.

Mr. HUFSCHMIDT. Yes. We stick, or stay, quite directly on the research side.

Mr. KUNKEL. That is all, Mr. Chairman.

Mr. FALLON. Are there any further questions?

Mr. CRAMER. May I ask one or two brief questions, Mr. Chairman?

Mr. FALLON. Mr. Cramer.

Mr. CRAMER. I was very interested in your analysis on page 1, particularly Nos. 2 and 3. No. 3 deals with effective means of doing something about unemployment, and I note rightfully you include tax reduction, which I agree with wholeheartedly. If nothing is done in the area of tax reduction such as could be brought about by reasonable budgetary expenditures, then any long-range solution of the problem is improbable, isn't it? Pump priming by public works is not the total answer.

Mr. HUFSCHMIDT. I was talking there strictly within the context of the antirecession policy.

Mr. CRAMER. That is right.

Mr. HUFSCHMIDT. And in this context I understand, although I am not familiar with it, that the administration has recommended a standby tax reduction program.

Mr. CRAMER. Five percent per year. That is right.

Mr. HUFSCHMIDT. In Chairman Heller's testimony of a week ago, as I recall it, he said that under certain circumstances he would emphasize that tax reduction program when the construction industry facet was going in high gear, but we were going into a recession. In other circumstances you might want to emphasize the standby program, and perhaps in some cases might want to use both. But the tax reduction there is in the attempt to counter the downswing; and presumably in an inflationary period you would want taxes to go up again in order to combat inflation.

Mr. CRAMER. The same way with lower interest rates. Tight-money policies are said to cause unemployment. The administration has not

done too much in an effort to lower interest rates to encourage employment.

I am also interested in your suggestion No. 2, that the expenditure must be big enough so that if undertaken promptly they will have a major impact on the economy.

Then on page 5 you refer to the $600 million proposal designed to give relief to some 950 depressed areas. That means they would be benefited by about $750,000 apiece. Do you think that is substantial enough to cause any new employment?

Mr. HUFSCHMIDT. Well, I am perhaps not as prepared as I should be to speak on this $600 million program.

Mr. CRAMER. It is $25 million this year, and that is peanuts. It will not help anything. You have $350 million next year, and you have $225 million the third year. According to your own testimony, that is not going to be enough to do anything consequential.

Mr. HUFSCHMIDT. This program, as I understand it, has very specialized applications. We have had this depressed areas problem in the 950-odd areas. In a period now, when the economy is rising, these areas are lagging and not climbing quite so high. We have the area redevelopment legislation, which is an attempt to do something about this in a sort of long-range planning manner. Necessarily this has been moving slowly.

As I understand the rationale behind the $600 million program, this is to give these areas a temporary boost, or some of them somewhat longer-range solutions.

Mr. CRAMER. What kind of a boost is that? This year $25,000 per area, and next year $350,000 per area, and the following year about $225,000 per depressed area, or redevelopment area. There is no significant help there, is there? You are a professor and you understand the impact of putting money into these local projects.

Mr. HUFSCHMIDT. For one thing, of course, the funds quite obviously would not be spread quite evenly over the areas, and a number of areas are sort of a group that are eligible. I don't think that this program is going to have a significant impact in all of these areas. It may have an additional boosting effect in some of the areas, along with some of the area redevelopment proposals, but I think that the figure that is involved here to some extent is limited by the capabilities of using the construction. It is, just as Professor Gray mentioned, and as I did in my testimony, difficult in the short run to start worthwhile and useful things. The assumption here, I think, is that the administration has and I certainly would underline, sir, that we do not want to waste money here, and we do not want to run any risks of some of the difficulties that this committee has run into in recent hearings, which are involved when supervision and control are not what they should be. So these are the things that limit public works.

Mr. CRAMER. I think you make a very interesting and telling point when you indicate that actually the area in which the most could be done because of the lag time in planning is in acceleration; but at the same time you admit, and I think properly so, that accelerated programs also often have substantial waste involved. Isn't that true?

Mr. HUFSCHMIDT. Yes. The reason that I called attention to that was the problem that you cannot take an existing program, which construction agencies attempt as best they can to schedule on an effi-

cient basis—you cannot take it and speed it up without waste, or without cost. That is what it is. Waste is an invidious term. Costs that should be charged to the objective you have here.

Mr. CRAMER. Do you have any way of estimating the waste or additional cost of accelerating, for instance, these programs you suggest, such as irrigation, and water supply, and power projects, and what-have-you?

Mr. HUFSCHMIDT. I have no way of estimating it except that I have a notion, and this is backed up by some discussions with individuals who were associated with the Federal agencies. Last year's speedup program was taken on the existing notion that there is a certain limited amount of perhaps 5 percent of acceleration that can be had without too much cost. Then the cost rises rapidly if you try to push beyond this, and this may change or vary with the individual project. There may be some Federal projects that are relatively underfinanced and are being carried along at what you might call less than efficient rates because there is only so much money in the total construction budget in the agency, and they spread it over a number of projects. To that extent, why, an acceleration can be had without any costs theoretically, or a little cost, but I don't think that there is an empirical evidence of how much cost is involved here.

Mr. CRAMER. You suggest irrigation, water supply and power projects as examples where good can be done. Aren't those minimal employment increase-type projects as compared to public buildings construction? Would not a minimal number of additional employees result per million dollars of additional expenditures in these types of projects as compared to public buildings? Isn't that correct?

Mr. HUFSCHMIDT. At the site. Yes.

Mr. CRAMER. That is what I am talking about.

Mr. HUFSCHMIDT. Of course, this program is an accelerated program, which involves not only at the site, but also the offsite employment. In fact, this was discussed specifically by Chairman Heller last week; and to the extent that you can increase orders, or accelerate orders, this has its effect in other areas. For example, this was done last year in connection with some of the water projects on last year's acceleration. There is a speedup of purchases of equipment and materials that would have to be used in the projects. But in terms of onsite-offsite ratios, it varies from project to project. I believe that there is a table in this committee print citing Labor Department esimates, and I believe that is probably the best thing. It is on page 13 of that Committee Print No. 15. The Labor Department estimates that the greatest offsite employment is associated with the classification of water supply and the least is associated with grading and drainage, which would be associated with highways, probably, I think; and reclamation also has a 1.6.

Mr. CRAMER. I think we are pretty much in agreement.

Mr. HUFSCHMIDT. Yes.

Mr. CRAMER. Onsite employment is less in these. Offsite, as compared to public buildings construction, and such, is comparable.

Mr. HUFSCHMIDT. That is right.

Mr. CRAMER. According to the President's Bureau of the Budget Staff Report, entitled "Federal Fiscal Behavior During the Recession of 1957–58," it shows that in public works expenditures, water re-

sources and related activities in 1957 the Federal Government pumped in either by existing or new projects nearly $1 billion in 1957 in this one area alone—$969 million. In 1958 it was $971 million. In 1959, $1,024 million, or a little over $1 billion. In 1960, $1,080 million; in 1961, $1,221 million.

Farmers Home Administration, farm housing loans, in 1957, $21 million; in 1958, $33 million; in 1959, $61 million; in 1960, $43 million and in 1961, $40 million.

Highways, grants to States; on other than the Interstate System was $729 million in 1957; $791 million in 1958; $1,095 million in 1959; $923 million in 1960; and $902 million in 1961. On the Interstate System alone, in 1957, $296 million; in 1958, $673 million; in 1959 $1,481 million; in 1960, $1,901 million; and, in 1961, $2,078 million.

In 1961, for instance, that means Federal expenditures for these purposes of $4,241 million in one year, and now the administration says we still have serious unemployment problems. Does this not most clearly point up what you yourself indicated? If you are going to put money into public works to create jobs in private employment, it takes very substantial amounts?

Mr. HUFSCHMIDT. I am not familiar with the figures you are citing there. At least the water resource figures. Aren't they the total public expenditures for water resources for those fiscal years, rather than increases over some base? The important point in using public works for this purpose which we are discussing here is the actual net addition to expenditures which would have otherwise occurred, and also the timing of it. I would agree with you we need substantial amounts, and perhaps also I would say that the limiting factor is perhaps not so much the availability of needed things to be done, nor the need for the employment impetus, but the limiting factor is the ability to use this particular tool.

I think the $2 billion right now represents a pretty good figure as an estimate of our ability to increase expenditures. It may be somewhat more than that. It may turn out to be less, but we cannot increase by $10 billion without excessive waste, which I do not think anybody would want to do. You say, can't you turn to other measures. Less than the amount we can do, perhaps is so small in relation to total expenditures and gross national product as not to seem worth bothering about as a program.

Mr. CRAMER. You say it is not worth bothering about. On one side that may be true, but on the other side, how is it paid for? It amounts to a pretty substantial amount of money. If you add this $600 million to the national debt and then you add the $2 billion program to the national debt, which eventually will be deficit spending, because we are in deficit spending now, that turns out to be a pretty substantial amount of money for the rather inconsequential new employment that results, is it not?

Mr. HUFSCHMIDT. Well, of course, you have to look at the objective here, which is that the very purpose of an antideflationary policy is to pump additional funds into the economy, whether you do it by public works, or tax reduction, or whether you stimulate it by monetary means and lower interest rates.

Mr. CRAMER. Or an antideflationary policy.

Mr. HUFSCHMIDT. That is right.

Mr. CRAMER. Meaning inflation.

Mr. HUFSCHMIDT. No. What we hope is there will be consistent national growth without severe dips and without inflation. The national growth part will, of course, take care of increased tax revenues, so that concomitant with this antideflationary policy is a policy that in times when there is full employment that there be expenditures less than revenues so that there will be a surplus; and this I think is a part of the policy. We happen now to be in a recession period, so the tool you need now, whether tax reduction or public works increase, is to get more money into the economy.

Mr. CRAMER. That is the objective.

Mr. HUFSCHMIDT. That is right.

Mr. CRAMER. But it just has not proven out that way, has it? In 1960 there was over $3 billion pumped in and we had a $4 billion deficit. In fiscal 1962, that is. It looks like this year we will have a $10 billion deficit, and we are still pump priming with public works. In fiscal 1961 there is evidence here there was $4 billion put in and there was still some deficit. It just does not prove out, does it? And that obviously has an inflationary effect.

Mr. WRIGHT. Will the gentleman yield for a question?

Mr. HUFSCHMIDT. I do not know what the deficit, if any, is going to be this year, at the moment.

Mr. CRAMER. The administration announced it is going to be $7 billion.

Mr. SCHERER. Closer to 10.

Mr. CRAMER. And I suspect it will be closer to 10, but the administration admits to $7 billion.

Mr. HUFSCHMIDT. This must be recent.

Mr. CRAMER. It is not recent. It was announced 2 months ago.

Mr. WRIGHT. Will the gentleman yield?

Mr. CRAMER. Yes.

Mr. WRIGHT. The figures you are quoting, Bill, are they acceleration figures?

Mr. CRAMER. Just expenditures and acceleration.

Mr. WRIGHT. The figure you gave is a total expenditure?

Mr. CRAMER. Acceleration and new public works expenditures. Table 3—Budget or Trust Fund Totals for Selected Programs Affected by Antirecession Actions, including accelerated expenditures and new programs. This is the President's own Bureau of the Budget report.

Mr. WRIGHT. Some of the new programs were part and parcel of our regular continuing programs, weren't they, Bill?

Mr. CRAMER. The administration says they were requested partially as antirecession measures, and were enacted on that basis.

Mr. BLATNIK. Are there any other questions?

Mr. SCHWENGEL. I would like to comment and then ask some questions. First I would like to say I am sorry I was not able to be here at the beginning of your testimony, but I have been here through part of it where it was discussed and talked about. I am glad to see that we are having people here from our schools and colleges. It might be well for the record to have you reveal a little bit about this school that you are a part of, which you represent and teach in at Harvard University. First I would like to ask how large is the department for which you speak?

Mr. HUFSCHMIDT. You mean the graduate school of public administration?

Mr. SCHWENGEL. Yes. How many people do you have on the staff?

Mr. HUFSCHMIDT. Oh, there are about 70 or 80 students on the average in a year. The staff itself is actually made up primarily of the faculty of other departments—the department of economics and department of political science and department of government, law school and business school. Except perhaps for a few such people as myself and the dean, who is also a professor of government, the faculty actually is composed of the faculty of other schools.

Mr. SCHWENGEL. How many different members of the faculty are identified with this Littauer School?

Mr. HUFSCHMIDT. I can't give you a precise answer, but I should say that there are 20 or 30 different professors of economics and government and business and law, and engineering also.

Mr. SCHWENGEL. Let me ask you this: Have you within this group any conferences in which you studied this particular problem which is before us in this bill and the legislation on which you have given testimony here?

Mr. HUFSCHMIDT. I have not participated in any conferences as such. However, Professor Otto Eckstein has a public finance course and seminar in which he deals with these problems in great detail; and also Professor Warfield of the government department has a seminar and course in this field of public policy. So these problems are being considered pretty much continually, as is also Prof. Arthur Smithies, who has had a longtime interest in budgetary and finance problems. He wrote a text on the budgetary process. So there are a number of professors who deal with this.

My association with this has been more in connection with our water resources research program.

Mr. SCHWENGEL. Water resources research?

Mr. HUFSCHMIDT. Water resources research. Yes. Although I have an interest in this problem because of past experience in the Government in this field.

Mr. SCHWENGEL. I am glad to hear you say that you have an interest in water resources because that leads into an area in which I have a great interest too—the need to step up our water resources program all over the United States. I have an interest in developing and completing the watershed programs of America, and I imagine that you agree that it is very necessary, don't you?

Mr. HUFSCHMIDT. Well, I think, of course, that we have and will continue to have a major problem of planning and investment in water resources. Yes. From the headwaters to the mouth of streams. I think the problem now is, in view of the many interests and many purposes that are involved, to try to devise better ways of planning and developing these programs so that we can get the most out of it for the various objectives that the Government and others have for water.

Mr. SCHWENGEL. The special study and consideration you have given to this matter must indicate to you that it is more than money we need—a change of law, and a change of policy in many of these areas, and probably a lot more research. Do you agree?

Mr. HUFSCHMIDT. Yes. I think that the studies that have been made, for instance, in the Senate Select Committee on Water Resources, which did a comprehensive study in the last Congress, indicated certain improvements we need, and there is no question about it that to do the job required for the 1960's and 1970's we will need different kinds of legislation and policies than we have had in the past.

Mr. SCHWENGEL. And this could result in saving money as well as result in stepping up the program and attaining our goals in these various areas. Is that right?

Mr. HUFSCHMIDT. Yes, that is correct, and this is one example of it. We have been perhaps too much involved in construction per se of water projects. This is perhaps—this forum is not appropriate for this perhaps, but in water projects sometimes we need to include many management and nonstructural measures. For instance, in flood control we need flood plain zoning and flood management fully as much as we need reservoirs. This aspect has not been given the attention that it deserves. I am glad to see, though, that the Congress now recognized this in legislation, and the Army Corps of Engineers is pursuing this side of the problem.

Mr. SCHWENGEL. The bill we have before us would not substantially help in those areas you refer to.

Mr. HUFSCHMIDT. No.

Mr. SCHWENGEL. So if we want to benefit most from this bill we had better get on with exploring the needs for amendments and revisions and corrections of our program first. Is that right?

Mr. HUFSCHMIDT. Yes. I want to join with Professor Gray in saying that there is a sort of continuing long-term public investment program that we need, which ought to be fully justified, project by project and program by program, on its merits. But this is going to be with us, and we should not confuse that with attempts such as this to try to use public works as a contracyclical device. The two are separate, and our public works program, certainly in the water and land fields, must continue to go forward on a sound basis.

Mr. SCHWENGEL. This proposal deals with recreation, and the development of watersheds and our water resource programs could very well fit into a step-up of the recreation programs that this legislation envisions; and we would do it better if we had some better planning. Is that right?

Mr. HUFSCHMIDT. I think recreation is one of the coming things. There is a problem of sorting out the Federal, State, local and private interests in this, and this recent report of the Federal Recreational Resources Review Commission certainly highlights some of the needs and trends in this area.

Mr. SCHWENGEL. And one of the greatest needs in the recreation area is to have a better balanced program to serve all of the people everywhere, and a program that will envision the cooperation of the local interests with the State and National interests more than it now does. Isn't that true?

Mr. HUFSCHMIDT. I think that is correct, when you consider the pressure of recreation of these expanding urban areas. Take the area of Boston to Washington. The problem really involves the cities and States and metropolitan areas and the Federal Government getting together so that whether they are dealing with highways, or

water resources projects, or other types of land use programs, that a recreational development will be planned so that open spaces will be preserved and these people are taken care of. This I think is now envisioned.

Mr. SCHWENGEL. But nothing has been done about it.

Mr. HUFSCHMIDT. Well, I think a start is now being made on it in the administration, and in the consideration of the Congress.

Mr. SCHWENGEL. This is something that needs a lot more effort and stress and emphasis right now. Is that not right?

Mr. HUFSCHMIDT. That is right. I would say in the water resources field the two emergent needs are recreation and water quality, improvement of water quality. Most of these stem from the increasing organization of the country. These have not been recognized. If you look at the water resources laws you will see they relate largely more to navigation and flood control and irrigation, and perhaps very soon a reply to these problems will have to be faced, I think especially in the East and California.

Mr. SCHWENGEL. And in the Midwest where we have the best soil, instead of letting it flow down all of the rivers we should try to conserve our soil. Isn't that right?

Mr. HUFSCHMIDT. Yes. I think in the soil conservation program that the Federal Government has done much in the way of legislation, and I am hopeful even more can be done along those lines.

Mr. SCHWENGEL. As I understand your testimony you endorse this bill before us, but you are not nearly as enthusiastic as you would be if it were further amended?

Mr. HUFSCHMIDT. Well, I have not said anything about amendments as such. The problem is simply this: I see a limited role for this in our present state of planning. If we increase our planning perhaps we can speed things up somewhat; but to the extent that this is useful I think it should be used. I am not a judge of when we are going to be going into a recession, nor can I speak about the effectiveness of triggering in these bills, but on the assumption that the policymakers know that we are going into a recession, this would be an appropriate device in terms of the economics and statistics; and then I think it should be used. The limiting factor is what we can do, and giving them standby authority I would say cuts out 6 weeks to 2 months of timelag in recognition of getting congressional approval of it, because Congress may not be in session at the time.

So this is a useful gap shortener, so to speak, but it only carries us part of the way.

Mr. SCHWENGEL. Based on the record I am sure Congress will be in session, because we have been in session most of the time here.

Mr. HUFSCHMIDT. I guess that is true. Yes.

Mr. SCHWENGEL. That leaves between Thursdays and Tuesdays.

Mr. HUFSCHMIDT. I was thinking of the autumn recess. I am sure there will be an autumn recess this year.

Mr. BLATNIK. The Chairman does not want to interrupt but I would like to speed things up. We may be able to complete without coming back in the afternoon so we can avoid holding up our witnesses and let them get back to their jobs.

Mr. SCHWENGEL. Mr. Chairman, I want to cooperate, but we have some important testimony from witnesses here. We have had a lot

of important witnesses here, and we should be able to take full advantage of the experience and talents that they have. We should have a chance to question them properly and bring out the facts that we need to consider this.

Mr. BLATNIK. I think you have brought out the facts very well. We just want to avoid repetition or keep it to a minimum. You ask the same questions of the witnesses over and over again.

Mr. SCHERER. Are you going to try to finish with all of the witnesses this morning?

Mr. BLATNIK. I would like to finish. We have three witnesses left.

Mr. SCHWENGEL. That is all the questions I have then.

Mr. BLATNIK. Are there any other questions? If not, thank you for your presence and appearance this morning. You have been of assistance to the committee. Off the record.

(Discussion off the record.)

STATEMENT OF BERNARD KALAHAR, CHAIRMAN, SUPERVISORS INTER-COUNTY COMMITTEE; ACCOMPANIED BY EDWARD D. CONNOR, VICE CHAIRMAN, SUPERVISORS INTERCOUNTY COMMITTEE, AND PRESIDENT PRO TEM, CITY OF DETROIT COMMON COUNCIL; AND GERARD COLEMAN, SECRETARY OF THE INTER-COUNTY COMMITTEE, DETROIT, MICH.

Mr. BLATNIK. For the record, will you give your full name and title or official capacity?

Mr. KALAHAR. Mr. Chairman, may I introduce also Mr. Edward Connor, who is vice chairman of our supervisors intercounty committee and president pro tem of the Detroit City Council, who may wish to make a short statement after I finish, and Mr. Gerard Coleman, executive director of our supervisors intercounty committee, who is also here with me?

Mr. Chairman, and members of the committee, my name is Bernard A. Kalahar. I am chairman of the Macomb County, Mich., board of supervisors and have served in that capacity for the past 7 years. I am president of the Michigan State Association of Supervisors and also chairman of the supervisors intercounty committee, an official governmental organization composed of the six southeastern Michigan counties of Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne, which comprise the Detroit metropolitan area. This fifth largest metropolitan area in the Nation encompasses nearly 4,000 square miles, and has a present population of over 4,300,000.

It is a privilege to be invited to appear before this Committee on Public Works to express the viewpoints of both the National Association of County Officials and the supervisors intercounty committee on the proposed legislation concerning public works programs.

In the instance of H.R. 10113, the proposed Public Works Coordination and Acceleration Act, I am presenting this statement for both the supervisors intercounty committee and the National Association of County Officials. As a member of NACO, which represents more than 9,000 county officials in more than 3,000 counties in the United States, I am proud that the policy statement contained within the NACO county platform favors the creation of an independent office

to advise the President and the Congress on the status of public works construction, planning, and future needs. It is through such an office that public works projects of the Federal, State, and local government could be encouraged and coordinated.

I should like to include for the record the exact policy statement as contained in the NACO county platform which is as follows:

The President, by Executive order, has temporarily set up an Office of Public Works Coordinator. This unit has been extremely helpful to counties and other local units in developing advance planning for public works which both reduces the cost of public facilities and provides a backlog of projects available for increased public spending in time of economic distribution. We endorse the aims of this program and recommend that the Congress establish this Office permanently by appropriate legislation.

This proposed legislation H.R. 10113, is vitally important if there is to be established the ability to mount a prompt and effective program aimed at combating recessions, or persistently high levels of unemployment such as presently exist in the State of Michigan, and particularly in the six-county Detroit metropolitan area.

We in county government look to this proposed legislation with the firm conviction that the establishing of such an office for coordinating and accelerating public works projects constitutes a useful and practical approach toward construction of vitally needed public works facilities. We believe that Congressman Blatnik's bill creates the mechanism whereby minimum expenditure of Federal funds could result in a maximum increase of needed facilities and employment so necessary not only in the Detroit metropolitan area but throughout the entire State of Michigan.

Both H.R. 10318, the proposed Standby Capital Improvements Act and the $600 million capital improvements program which the President submitted to the Congress on March 26, 1962, are, from the standpoint of the supervisors intercounty committee, vitally important to the six-county Detroit metropolitan area. Together they provide a logical approach toward ultimate solution of our continuing serious lack of badly needed public works and facilities, and high rate of unemployment in the region.

As a specific example of the fiscal problems county government faces, I would cite the fact that the three largest counties in the Detroit region have 53 percent of their total county budget dedicated to welfare activities, such as direct relief, hospitalization of indigents, and the care of children. The percentages are as follows: Macomb County, 55.4, Wayne County, 55, and Oakland County, 57.6. As is certainly apparent there is very little, if any, money left for the building of badly needed facilities that will not only provide much needed employment and protect the public health, but also result in an orderly serviced, properly financed, and well-planned Detroit metropolitan area.

In April of 1961 the supervisors intercounty committee assumed the responsibility of gathering and preparing, for presentation to the present Federal and State administrations, a compilation of vitally needed public works projects in the Detroit six-county area. These various projects had a total estimated cost of $1,206 million and would have provided a total estimated 300,770,000 labor man-hours. I will be happy to make available to this committee a copy of that survey.

The supervisors intercounty committee is presently engaged in compiling an updated and revised listing of public works projects in the six-county Detroit region which should be in finalized form by the end of April. This also will be made available for the committee's use at the earliest possible time.

I think one copy has been furnished each member of the committee; if not, we will be happy to submit them.

I should like to point at this time to the accomplishments of one county—noted upon following through on the original compilation. You will note the construction of approximately $53 million in public works projects, of pending HHFA applications to the extent of approximately $3 million, and the changing of category in various planned projects so that construction could be accomplished within a relatively brief period of time. With the addition of new items to the overall listing, I believe this type of advance planning will prevent yesterday's mistakes from recurring, and also preclude a continuing cycle of redevelopment.

We sincerely believe the Standby Capital Improvements Act is one of the needed legislative tools that local government can utilize to pull up its own "economic bootstraps" in building needed facilities such as water supply systems, sewage treatment plants, sewage disposal systems, airports, hospitals, et cetera, and at the same time by providing employment for a large portion of the present surplus work force that according to the latest preliminary figures is 9.2 percent of the State of Michigan's total labor supply.

In keeping with President Kennedy's often expressed belief that local government should attempt to solve its own problems before receiving Federal assistance, I should like to point out that favorable consideration of the Standby Capital Improvements Act by this honorable committee would lead toward the initial stages of a governmental partnership at the Federal, State, and local levels. In this manner proper financing could be obtained which would alleviate a depressed area's economic condition—unemployment problems can be solved—and the impact of a program of immediate construction of public works facilities for not just the Detroit metropolitan area, but other regions throughout the Nation would be manifest within the Nation's total economy.

We see in the legislation you are now considering, the possibility of your increasing our ability to help ourselves. We look forward to its enactment.

Thank you, Mr. Chairman.

Mr. BLATNIK. Thank you very much, Mr. Chairman, for a very concise and to-the-point statement.

The National Association of County Officials has an outstanding record of work in the field of local projects and advanced planning, and has done a splendid job.

Are there any questions?

Mr. SCHERER. Mr. Chairman, over the years the American Municipal League, the county organizations, and other organizations representing local governments, have come to the Congress and urged the enactment of legislation which involves new, additional expenditures of Federal moneys for local governments.

And as soon as these programs are initiated then they visit the Congressmen and complain about the restrictions, the limitations, and the redtape placed upon them in carrying these programs forward by the various agencies of the Federal Government that control the programs.

They condemn the Federal Government for interfering with State and local prerogatives.

I have not seen any of these spending programs for local communities that have been opposed by local governments. Eventually, however, I find the local officials sitting in my office, complaining bitterly about the redtape that they have to go through, about the control and the domination of the Federal agencies that administer these programs.

Frankly, I think that if this trend continues, city, State, and county officials are going to be nothing but errand boys for the Federal Government in administering local government.

Mr. BLATNIK. Are there any further questions?

Mr. CRAMER. I have a question.

Mr. BLATNIK. Go ahead, Mr. Cramer.

Mr. CRAMER. Do I understand that the recommendation that the NACO county officials' organization approved relates only to the setting up of new agencies as in H.R. 10113, and not to a recommendation on either the $600 million standby or on the $2 billion for local public facilities?

Mr. KALAHAR. I believe the reason for that is that the directors had not yet had approval of the membership except on the one covered by H.R. 10113, and that is the reason.

They are not either for or against. I think one of the other speakers will bring that out.

Mr. CRAMER. Well, in any event, your testimony is to the effect that they support the one but not necessarily the other?

Mr. KALAHAR. That is from NACO, right.

Mr. CRAMER. Your Governor was here, Governor Swainson, and he indicated that about a quarter of a million are unemployed in Detroit.

When we applied Mr. George Meany's figures, as to how many unemployed per million dollars of Federal expenditure in this type of public works' pump priming, plus the secondary effects in employment for the State of Michigan alone, when we applied Mr. Meany's figures to that it would take over $700 million a year dollarwise to put these people to work.

Now, where is the money coming from on the Federal level?

Mr. KALAHAR. We do not presume it is going to put the entire group to work, but it would help greatly.

Mr. CRAMER. It surely is not. According to the figures, it will put about 8,000 to work.

Mr. KALAHAR. That is correct. It would be a help though, I assure you.

There are a number of projects in my own county, and many of them are sewage-disposal-type projects, to prevent the lakes from being polluted and, in fact, we have even got court orders against construction in my county until these are arranged.

And I assure you that some of the financing is a tough thing. One of my cities in my county, on the outlet of the big drains which are

partly sewage also, unfortunately, will have to levy, I am told, 8 mills on the taxpayers to pay for that alone.

Mr. CRAMER. Well, sir, if they borrow the money through the Community Facilities, the Community Facilities has a half a billion dollars unloaned, and uncommitted at low interest rates——

Mr. KALAHAR. I can assure you that we have asked for those funds, because we need them all in this program alone, but, of course, there are still the laterals to be put in.

Mr. CRAMER. And you pay for it out of the water revenue, do you not?

Mr. KALAHAR. Oh, no, not for the drains. The drains—it is drains and——

Mr. CRAMER. Oh, I see.

Mr. KALAHAR. And combined sewage.

Mr. CRAMER. Where is the Federal Government going to get this money?

Where are we going to get this $2 billion this year and $2 billion next year, or more, for accelerated public works?

The local communities are having troubles. Do we not have troubles, too?

Mr. KALAHAR. I know that, Congressman, of course, but that is really your problem, I believe.

Mr. CRAMER. It is not exactly our problem where you indicate in Michigan, and in your area alone you could use $1,206 million worth of work.

Mr. KALAHAR. That is true.

Mr. CRAMER. Now you multiply that by the 50 States——

Mr. KALAHAR. I do not anticipate——

Mr. CRAMER. And thinking in terms of the many additional communities that have similar needs, and you have an insurmountable burden for the Federal Government if we are going to put a hundred percent of money, in special cases, in loans and grants and——

Mr. KALAHAR. It is not intended that way, Congressman. Local funds will be used as soon as—planning money is one of the things that must be done before you can go ahead with these things.

Mr. CRAMER. There is nothing in this bill for planning money.

Mr. KALAHAR. Is there not?

Mr. CRAMER. No.

Mr. KALAHAR. I may have been misinformed.

Mr. CRAMER. There is nothing in this bill for planning money outside of the communities facilities program.

Mr. KALAHAR. Mr. Chairman, Mr. Connor would like to make a brief statement.

Mr. BLATNIK. Mr. Connor, for the record, what is your title?

Mr. CONNOR. Mr. Chairman, to identify myself, my name is Ed Connor, and I am a councilman in the city of Detroit, a member of the Wayne County Board of Supervisors, and, in addition, vice chairman of the supervisors, intercounty committee, and also a director of the national association of county officials.

Mr. BLATNIK. You may proceed with your statement.

Mr. CONNOR. Mr. Chairman, first of all, I want to apologize for not having a prepared statement that could be distributed to the members of the committee.

The reason for that is it was not until 2 days ago that I knew it was going to be possible for me to testify. I will, however, for the purposes of the record, if desired, furnish a written statement embodying what I will say here this morning, at a later date.

Mr. BLATNIK. You will have permission to revise your remarks.

Mr. CONNOR. Fine. I appreciate that very much.

Also I note that part of the reason I am here is because the common council of the city of Detroit, in informal session, has agreed to a formal adoption of a resolution which will take place tomorrow, endorsing the legislation that is under consideration by this committee and, in addition, endorsing the program as contemplated in the recent message of the President.

Now, the first point I want to make is that in the Detroit area we have a very serious unemployment problem, and I think, Mr. Congressman, the figures cited of 250,000 constitute the entire unemployment problem for the State of Michigan.

A portion of that, in the Detroit area, is around 160,000, I believe the total.

Now, this unemployment in Detroit has been occasioned by a number of factors that I know have been brought to the attention of this committee. Among those are such things as automation, a change in the policies and marketing procedures of the automobile industry, and a number of the usual factors that have had their impact.

There are certain particular communities, of which Detroit is probably the basic and most outstanding, also contributing to this unemployment position. It has been the policy of the Federal Government and the encouragement of the Federal Government, a policy of decentralization, which has particularly affected the automobile industry, and as a result, has particularly affected the city of Detroit and the southeastern Michigan area.

Add to that the encouragement given by the Federal Government to the building of new plants which has again particularly affected our area, because it has resulted in an opportunity for plant rebuilding that has outmoded many of our plants, and because of our situation, it did not result in equal opportunity being taken by private industry in the area, and we have had a serious, chronic unemployment problem extending over several years.

Now, this is more than just a local situation. The Detroit area has been one of the productive industrial and economic areas of the country, and its contribution to the Federal income has ranged about fourth in the entire Nation, and we are concerned over our continuing ability to make that kind of contribution to the whole economy.

This brush fire, which started in Detroit, could spread very rapidly. One of the things that has concerned us is this. Our foreclosure rate on mortgages up until 1960 was at a fairly steady rate and well below a thousand per year.

In 1960 mortgage foreclosures in Detroit went up to 1,500.

In 1961 they went up to 2,200, and at the rate that they are taking place this year, the forecasters are predicting that for the remainder of the year it will reach 3,500.

And we think that this is a significant factor, that all it wants in terms of the local area there is this rapid acceleration in this important economic indicator.

Now, this problem is one not only of providing help in the present unemployment situation, but helping us preserve an economic plant and add to it, in terms of increasing employment possibilities for the future, and one of the questions asked earlier this morning pertains to this. I think it is most important to us.

It means extension particularly of waterlines and more particularly of sewerlines, a field, incidentally, in which the Federal Government, to my knowledge, makes no direct contribution of any significance today. It is most important in terms of providing the community facilities which are a necessary counterpart or counterpoint to any large-scale industrial expansion.

Now, the third point I want to make is that the impact on the local community is not merely in terms of unemployment or costs directly attendant thereto, such as our welfare cost, but we are also experiencing a direct loss of assessments, because long-continued unemployment, as a result, lowers the economic business plan of the community to the point that on real estate taxes and the like the valuations must come down, and it is significant to note that in the last month the city of Detroit has lost $170 million in assessments, approximately $115 or $120 million of that being in inventories and assessments on equipment, and the other $52 to $60 million being on real estate assessments.

This will result in a direct loss of revenue to the city, on the one hand, of close to $4 million, while, on the other hand, our welfare costs have been approximating $13 million and more a year.

Now, as a result of this I would particularly like to stress my being in favor of these bills, but to also urge that, in your consideration of those bills, serious consideration be given to the ability of the local community to contribute.

We like the principle, in general, of matching funds and, incidentally, I think in the Detroit area we have a long record of trying to do things for ourselves. As a matter of fact, the intercounty supervisors committee was established on the principle that we want to do at the local governmental level all that is humanly possible for us to do without calling on either State or Federal assistance, but this is a point where the responsibility is more in the local government and meeting the responsibility will take more than local resources.

Now, a community that has been attacked by unemployment like ours begins to lose its ability to participate financially immediately on a matching basis on these programs, and we would like to urge that, in your consideration of these bills, you give consideration to these four points:

First of all, the possibility of making a local contribution at as small a level as possible.

Secondly, possibly working out a program for deferred contribution by the local community in order that the work can be started immediately and at once.

Along with that would be the third point, and that is the possibility of scheduling the payment of the local contribution over a longer period of time, perhaps, such a period of time as the impact of the improvement would be felt in the local economy so that it would help to pay for its own costs; and, finally, that the local contribution, if deferred, the deferment would be at a low interest charge to the local community or no interest charge.

We feel that this legislation now under consideration is again one of the needed tools, along with the others, that the Congress has adopted, that we need very much and we urge most strongly enactment of bills along this line.

Mr. BLATNIK. Thank you very much, Mr. Connor. You will be given the opportunity to revise your remarks.

Mr. SCHWENGEL. Mr. Chairman?

Mr. BLATNIK. Mr. Schwengel.

Mr. SCHWENGEL. I would like to ask a brief question.

You say the common council of Detroit will introduce this bill at its session tonight?

Mr. CONNOR. The resolution endorsing the proposed legislation will be adopted tomorrow.

Mr. SCHWENGEL. Will be adopted tomorrow?

Mr. CONNOR. Right.

Mr. SCHWENGEL. How many members are there of the common council?

Mr. CONNOR. Our common council consists of nine members elected at large from the entire city on a nonpartisan basis.

Mr. SCHWENGEL. Now, how do you know that they will endorse this?

Mr. CONNOR. Because approval has been given in a meeting of the whole committee already.

Mr. SCHWENGEL. How many people have read this bill?

Mr. CONNOR. There have been considerable—like any other legislative body, I hesitate to speak for what my colleagues have or have not done.

I have read it, and I know that several of the others have read it, and there has been such discussion before the common council that I am sure all are familiar, at least, with the broad outlines and purposes and objectives.

Mr. SCHWENGEL. Do they know, for instance, that Mr. Meany testified before this committee that if it is fully implemented it would only employ 250,000 and mostly those would be on a temporary basis over the United States?

Mr. CONNOR. Mr. Meany, of course, was speaking on a mass level. I am speaking particularly in terms of the local level, local but still important in terms of the national economy.

A proper percentage of those 250,000 jobs in the Detroit area would be what we would hope to have, and we trust that it would be substantial.

Mr. CRAMER. You are limited to 12½ percent of all of the money spent, and if this State got 12½ percent that would limit it very substantially for the State of Michigan.

Mr. CONNOR. We did——

Mr. CRAMER. Twelve one-half percent of $25 million——

Mr. CONNOR. We do not think that this bill——

Mr. CRAMER (continuing). Would be very little this year.

Mr. CONNOR (continuing). Would be the total answer. We think it is one of the tools, some of which are available and some of which are in contemplation by the Congress that would help.

It is an important one of the tools, however, and we think it ought to be added to the weapons with which we have to attack this problem.

Mr. CRAMER. Will the gentleman yield?

Mr. SCHWENGEL. Yes.

Mr. CRAMER. The reason it was brought out when the Governor was here was because it was clearly shown that if Michigan got its full 12½ percent it would not mean more than the employment of 8,000 to 10,000 people a year.

Now, that is not the answer to Detroit's problem. And what disturbs me is that the Governor of Michigan and the Governors of some of these other States, and the mayors of some of these other communities, and the present representative of the American Municipal Association—do you represent the National Association of County Officials?

Mr. CONNOR. In this testimony I am talking in terms of the Intercounty Supervisors.

Mr. CRAMER. I see. But I understand we will hear from the county association later.

Mr. CONNOR. That is right.

Mr. CRAMER. But the impression that I assume is being left, and I know it is the impression being left throughout the country, is that for the unemployment and the communities which have these problems this is the answer; that this is going to employ our people; that this is the solution, a 100-percent Federal grant to these public works programs, when the truth of the matter is that this is "peanuts."

This is hardly a start on the real problem, and I think you put your finger on a lot of the substantial problems that exist, such as automation and what have you.

But to suggest, as the Governor did, for instance, by coming in and listing nearly $800 million worth of public works projects that could be financed by this in the State, and listing them in that manner, by that suggestion, why, every community in Michigan is now assuming that if this bill passes they are going to get some help.

It is false. If this whole program is instituted, these projects are not all going to get help, and this humdrum public relations support of this proposal, which is very small and very niggardly to start with, I am afraid, is leading a lot of people into believing throughout the country that this is the answer when, honestly, it is not the answer. At best, it is a very temporary thing on a minimal basis.

Mr. CONNOR. Mr. Chairman, I think I can assure the Congressmen that, at least in the Detroit area, we are not looking toward any one program as the total solution.

Our mayor will be here tomorrow to testify. We have a broad range and diversified attack that we are trying to make on this total problem which needs to be approached in several directions.

However, I must insist that even 8,000 to 10,000 jobs in our area would be important.

Mr. CRAMER. The whole State of Michigan, not just your area.

Mr. CONNOR. Well, even five or six out of the whole State. We find that we are very much concerned with preserving jobs in our company and in our efforts to secure even 100 new jobs in our community. So if we can, through this one bill, receive aid and assistance which would provide 4,000 jobs, and half of the population of Michigan is in the Detroit area, that would be a big help.

So I assume we would be entitled to about half, and it would be a very significant part of the total.

Mr. CRAMER. And even though the cost to the Federal Government for that very small increase is $600 million——

Mr. CONNOR. That is the total. It, of course, would not be the total of the cost of the 4,000 in Detroit.

Mr. BLATNIK. Well, it is obvious that there are areas, such as yours, where acute economic situations exist and are a major problem, a very grave problem.

No one has contended that this is the answer to the whole economic problem but, certainly, thorough consideration and deep thought should be given to doing something. If it is not enough, it does not mean that we should continue to do nothing.

We will just continue to have recessions if we do not have something. I contend that it is within the skill, the knowledge, and the competence, plus the technical ability that we have in this country, and plus the tremendous capabilities, I contend it is within those tremendous capabilities of our industries to do our best to keep men and women, who want to work, at work, and keep the economy on the uptrend and as healthy as it can be.

It is being done in every major industrialized country in the world. No major industrialized country in the world has the unemployment rate that we have and have had particularly over the last 8 years.

Mr. SCHERER. The real cause is the high production cost. That is the real evil. It is our labor costs and high taxes that make it impossible for us to compete any more with foreign made products. That is the real evil.

Mr. CONNOR. Mr. Chairman, if I might offer one more comment: I would like to point out that in the city of Detroit we have held the line on our costs of local government to the point that there has been no appreciable increase in that during the last several years and, as a matter of fact, by reducing the assessments on personal property, particularly inventories and equipment, from 90 percent where it was, cash value, just a few years ago down to a present of 70 percent we have been attempting within the full limit of our abilities, at the local level, to assist in keeping local production costs, at least our contribution to them, at the lowest possible minimum.

Mr. SCHERER. I was not talking about your cost of local government. I was talking generally about industrial production costs being up due to our continuing high labor costs, continuing high taxes in this country. We are losing our markets both foreign and domestic because of these.

Mr. CRAMER. Well, if the gentleman will yield——

The other side of the problem is that we are faced with some of the problems that your community has.

How are these things going to be financed?

We are faced in this particular legislation with the basic question of who should decide, the Congress or the President?

Should Congress delegate this much authority to the President?

We are faced with the further question: Is it better to accelerate present programs and to go into new construction and so forth under the present programs, in which there are hundreds of millions and, yes, just billions of dollars available for acceleration, as a means of

increasing employment, or should we start an entirely new program which could mean 100 percent Federal grants to any type of local public works program?

Now, you admit that these are very serious considerations and Congress does not have only one solution available. The thing now that bothers me with regard to this testimony is that the assumption is that the direction that the administration proposes the delegation of this substantial authority and so forth is the only direction available.

Now, that is not true. There are other directions, such as acceleration orders under the present programs, where money is already available; $89 million, for instance, in Area Redevelopment alone out of $90 million made available that has not been used.

There is $500 million in community facilities that can be 100-percent Federal loans for construction, and no interest loans for advanced planning, for advanced planning, for instance.

Now, Congress has a lot of alternatives and we think it is our duty to consider all of these alternatives, and not to rubber stamp what the President sends down here as a proposal when, as a matter of fact, it is, in large measure, extremely unsound.

Mr. CONNOR. I will say one other thing. I do not——

Mr. BLATNIK. You may say that, and then we would like to move on.

Mr. CONNOR. All right. Most of the existing programs in the public works field, we feel, in the Detroit area are discriminatory against the larger cities. They have a ceiling or they have a declining scale for the larger city on the degree of participation that is possible.

We feel that any other approaches that may be suggested that will go to meeting this problem, we are in favor of, because, among other things, we want to keep the Detroit area at a high productive level so that it can continue to be a major contributor to both Federal income tax and otherwise to the whole economy of the Nation.

Mr. BLATNIK. Gentlemen, thank you very much.

The Honorable James B. McKinney, mayor of Sacramento, Calif., will speak on behalf of the American Municipal Association.

STATEMENT OF JAMES B. McKINNEY, MAYOR OF SACRAMENTO, CALIF., ON BEHALF OF THE AMERICAN MUNICIPAL ASSOCIATION

Mr. BLATNIK. Mayor McKinney, I have a deep appreciation for your time and realize that you, too, have to catch a plane this afternoon.

Mr. MCKINNEY. Yes, this afternoon.

Mr. JOHNSON. Mr. Chairman?

Mr. BLATNIK. Mr. Johnson?

Mr. JOHNSON. I would like to welcome Mayor McKinney here today. He represents the capital city of the great State of California, and he has a very fine city.

Mr. McKinney has been one of the fine young mayors who have come up in California, and I am sure that my colleague, Mr. Baldwin, joins me in welcoming our mayor from north California here this morning.

Mr. SCHWENGEL. As a Representative from Iowa, who has a great interest in California, because some of our people go there, I want to welcome you, also.

Mr. MCKINNEY. Yes, I understand that you have a program to keep people in Iowa, have you not?

Mr. CRAMER. I will say that those of us from Florida will be glad to hear what the mayor of Sacramento has to say, too.

Mr. MCKINNEY. Mr. Chairman and members of the committee, I am James B. McKinney, mayor of Sacramento, Calif. I appear before you in behalf of the American Municipal Association, an organization representing over 13,500 municipal governments of all sizes, to support the Standby Capital Improvements Act of 1962, H.R. 10318, and to comment upon some of the features of the Public Works Coordination and Acceleration Act, H.R. 10113.

I understand that the official position of our association has been presented in full to this committee by a previous witness and I will not repeat it here. I would like to point out, however, that our association does not have specific policy on the particular legislation which you are considering; rather, we are on record as favoring Federal grants and loans to municipal governments in the public works field because we feel that these grants and loans are fully justified by the situation which exists locally.

I also understand that the merits of this legislation in terms of the economic benefits to be derived from an accelerated program of public works expenditures have been discussed fully with this committee by expert witnesses who are thoroughly versed in that field. We recognize that all governments are faced with the problem of persistent high unemployment and that steps must be taken to meet this problem.

Municipal officials, on the other hand, must represent the needs of the Nation's urban population. In this we can speak with some knowledge. The present situation of municipal public works must be considered against a backdrop of the following factors: (1) Federal and local public works programs during the depression years; (2) relative stability of urban populations prior to 1940; (3) World War II and the Korean conflict; and (4) the postwar population increase in numbers and concentrations.

As a result of determined Federal, State, and local efforts during the 1930's, I think that it is fair to say that public facilities, while perhaps not wholly satisfactory, achieved a nearly adequate level before World War II. This situation was abetted by the fact that our urban population did not increase rapidly during this period and we were not subject to the vast rural-urban population shifts which we have seen recently. Greater governmental attention, plus stable population therefore roughly equaled adequate local public facilities construction.

But after 1940 this Nation was forced to defend itself in a global war. It was correct and necessary that public facility construction should be limited during this crisis in the greater effort to achieve victory. In the immediate postwar years, we still faced a shortage of materials which made postponed construction even more difficult to accomplish. Yet we faced a situation where we had fallen behind in the public works field and were unable to catch up.

During and after the war, the Nation's birth rate rose and people moved, more and more, to the urban centers. We then began to face the problem not only of providing public facilities for the natural population increase of our urban areas but also to provide facilities for previously rural populations and at the same time trying to make up the backlog left over from the war years.

When we were able to get down to business on needed public works, the Korean conflict again changed emphasis of the national effort and shortened the supplies which are necessary to a comprehensive public works program.

At the present time our municipalities are faced with the results of 20 years of population growth and migration and delayed construction which were completely beyond their control but demand their immediate and long-term attention. We must fashion an adequate system of public facilities if our increasingly urban civilization is to persist and to flourish.

What are the needs in this area? As of February 1962 the backlog of State and local public works is $55 billion, according to Engineering News Record; and this includes only public works which have had engineering attention. One wonders what the figure would be if it included all public works which are needed as well as those represented by this $55 billion figure.

The next logical question is: Have local governments made sufficient efforts to meet this demand for facilities and services? Since the end of World War II, municipal indebtedness has quadrupled and since 1946 municipal income has tripled. In spite of the heavy debt which cities incurred, in spite of the tax raises by cities, the problem of inadequate public works remains.

The magnitude of the problem can be understood from the huge backlog of projects awaiting financing. These are some 88,000 projects which have had engineering attention. One can only wonder what the figure would be if all needed public works were included rather than only those which had already had engineering.

Our association, therefore, urges you to favorably consider H.R. 10317 since it would provide badly needed assistance to local governments in the public works field. We are of the opinion that assistance is in order, independent of the fluctuation of the economy. In this regard, we welcome the proposed amendment to make available $600 million for immediate use in the public works field. It is, indeed, a step in the right direction. We urge the committee to consider using as much of this fund as possible for grants to local governments.

Concerning one feature of H.R. 10113, I would like to comment briefly. We are convinced that an orderly collection of accurate data in the public works field on a national basis would be most helpful to all concerned. A coordinator of public works could make a valuable contribution to our national efforts in this regard. I hope the committee will give this concept serious consideration in its deliberations on this legislation.

Thank you, Mr. Chairman, and members of the committee.

I would also like to submit to the committee a statement on the public works problems of Sacramento, and I will not bother to read

this but just add it to the prepared statement on behalf of the American Municipal Association.

Mr. JOHNSON (presiding). Without objection, it is so ordered.

(The document referred to follows:)

THE PUBLIC WORKS PROBLEMS OF THE CITY OF SACRAMENTO

POPULATION

Sacramento is a fast growing city. The population figures since 1900 illustrate this fact:

1900	29,282	1940	105,958
1910	44,696	1950	137,572
1920	65,908	1960	191,667
1930	93,750	1961	200,000

During the last 11 years the population growth inside the city has been 45 percent.

The suburban population surrounding Sacramento—all close in urbanized areas, is 1½ times Sacramento's population. There are 500,000 people in the metropolitan area. And these suburbanites make problems for the city. They use our street systems, use our parks and recreational facilities, use many other city facilities.

STREET PROBLEMS OF SACRAMENTO CITY

In a study prepared by the State of California in 1960 the critical deficiencies on the major arterials alone within city limits were listed as $60 million. This was on streets of city responsibility. With street revenues of about $1 million per year we can barely scratch the surface in attacking this problem.

SEWERAGE

In a fast-growing city the extension of sewerage and drainage to serve newly developed areas. The area growth of Sacramento City has been 400 percent during the past 11 years. The annexations which caused this increase were prompted by the desire for city services, such as sewerage and drainage. Although spending more than $2 million a year on sewerage and drainage we are failing to meet demands. In June of this year the city voters are being asked to approve another bond issue of $7½ million for drainage alone.

While Sacramento City has sewage treatment we know that betterment of river quality standards will soon require additional treatment. The cost of this increased treatment will be more than $7 million.

WATER SUPPLY

In 1959 Sacramento voted $26 million of bonds for additional filtration plant capacity and improvements in the water distribution system. We doubled water rates to defray these costs. We know that when these new facilities are completed in 1963 we must immediately begin worrying about more extensions and more capacity. We also face the prospect of needing more money, much more money.

DOWNTOWN REHABILITATION

Sacramento City, like most cities of the country, is struggling with the problem of preserving its central business area and thus indirectly preserving its tax base and fiscal solvency.

In June we are asking the voters for $7 million for financing off-street parking. Although Sacramento was a pioneer city in the field of publicly owned parking and has some 2,000 spaces available for downtown shopper parking we are failing to meet the demands.

We have a redevelopment program underway which will completely rebuild the older business areas of Sacramento. Even though normal redevelopment costs are met with tax increase anticipation bonds and Federal assistance, the city government itself must make substantial annual contributions to service projects involved in redevelopment.

MISCELLANEOUS FACILITIES

Growth of Sacramento requires at least one complete new firehouse and its firefighting equipment each year. This requires at least 12 new firefighters to man the new house and the costs of this increased service pyramid rapidly.

New Library facilities require the expenditure of at least $100,000 per year and again the new buildings must be equipped and manned.

PUBLIC TRANSPORTATION

Sacramento City voted $1,500,000 in bonds and bought the local bus transportation system. The alternative was a loss of the operation to Sacramento. This again costs money, for to keep the bus system operational and effective there must be subsidy from city tax funds. Last year the subsidy was $130,000. Next year it will probably be more.

PLANNING CITY FACILITIES

While it is true that all planning is not concerned with public works activity a large part of it is. Sacramento has been spending large amounts of money to secure the best plans possible for its future. Four nationally known consultants have been engaged in this work during the past few years. We have had a comprehensive traffic study and report. We have had a "core area" study and report to assist in planning our downtown area. We have two consultants presently engaged in planning downtown facilities. We know that the hundreds of thousands of dollars spent for studies is only the beginning. The financing of the projects, new streets, new city buildings, new facilities of all kinds will cost in the tens of millions.

Mr. JOHNSON. Mr. Mayor, I want to congratulate you on your statement here today on behalf of the legislation that this committee is considering.

Your statement is well founded, and it will be received into the record, and I am sure it will assist in further consideration of this legislation when the committee meets in executive session.

Are there any questions on my right?

Mr. BLATNIK. No questions except to again express appreciation to the mayor for speaking on behalf of himself and on behalf of your outstanding American Municipal Association.

We are all familiar with the splendid record of the association and the assistance they have given us in the past in seeking out more information as to what the problems are on the local level.

Thank you very much, Mayor.

Mr. MCKINNEY. You are welcome.

Mr. JOHNSON. Any questions on my left?

Mr. CRAMER. I have just one or two.

Mr. JOHNSON. Mr. Cramer.

Mr. CRAMER. What position do you hold, Mayor McKinney, with the American Municipal Association?

Mr. MCKINNEY. Our city is a member of the association, and I was asked to come from the west coast to represent the AMA in this matter. I hold no position.

Mr. CRAMER. I guess you realize, too, along the lines of the other questions that I asked most of which I believe you heard, that at best the $600 million grant program, the total being made up of both loans and grants and, in addition to that, moneys for Federal projects as well, that the amount made available to the local community for grant purposes is going to be rather insignificant, do you not?

Mr. MCKINNEY. I understand that.

Of course, in California and specifically in Sacramento we are in the fortunate position where we would not have to make use of any of the $600 million. We are not in the critical unemployment area.

But it strikes me that even if this is a small start it is, at least, a start on trying to help the situation when you pour $600 million into the situation.

Mr. CRAMER. So you are not talking as representing an area that has unemployment or is an ARA area or a depressed area and, therefore, your community would not benefit at all from the $600 million?

Mr. MCKINNEY. That is correct, Mr. Cramer.

Mr. CRAMER. And do you really feel that the people, and I am not talking about the public officials, but the people of these local communities want the Federal Government going into as much as 50 or 100 percent in a Federal grant program for all types of local public works?

Do you think the people want that when, in doing so, they are losing control themselves as to what their local community does, and what types of projects it gets into?

Mr. MCKINNEY. I feel that they want the public works projects and we find, for instance, in our cities that we cannot bear the burden ourselves to promote all of these facilities, and I think the people would want the facilities even though they are there with Federal funds involved.

Mr. CRAMER. You mean if they are not willing to pay for them themselves, as evidenced by their failure to vote bond issues or their failure to support budgetary proposals by their elected officials, if they are not willing to do those jobs themselves, out of their own tax money at home, do you think the demand for those projects is great enough that they would be willing for the Federal Government to tax them to do it?

Mr. MCKINNEY. Well——

Mr. CRAMER. Who is going to control this thing of local public works in the future? The people in the local area, in the local municipalities, or somebody here in Washington? Do you not think that the people at home want to control their own destinies and decide themselves whether a new firehouse is going to be built or a new city hall or a new golf course or a new swimming pool, and whether or not, if it is going to be built, how it is going to be built? Do you not think they want to control their own destinies?

Mr. MCKINNEY. I think you are right. They do want to control their own destinies but, as I understand it, under this type of legislation the local government would make its own decision as to what public works projects to recommend that the money be considered for.

Mr. SCHERER. Will you yield?

Mr. CRAMER. I yield.

Mr. SCHERER. And do not the people of the local community want their own elected officials to decide these things rather than some bureaucrat here in Washington?

Mr. MCKINNEY. Well, I think they do; yes.

Mr. CRAMER. Well, if——

Mr. SCHERER. They do not want the local officials to abdicate their responsibilities, do they?

Mr. McKinney. No, but I do no understand that the local officials would abdicate——

Mr. Scherer. Well, I come from a large industrial area, and I have had my mayor and my city councilmen and urban redevelopment director for the city come to me regularly here and complain bitterly that they have lost control over the direction of these programs.

They complain that they have to submit to the redtape and domination of men here in Washington, who are civil service employees not elected by the people of the community, to determine basic issues.

That naturally, follows whenever you have the use of Federal moneys involved. That Federal control eventually follows and Federal domination.

Mr. Blatnik. There is nothing in the bill that compels municipalities to patricipate in the program and, first of all, they, and they alone, initiate it.

It must be done through the form of a resolution of the city council, and the work will be carried out under the direct supervision of the city or village engineer. So I do not see why you said that about Federal control.

Mr. Scherer. What I have said has followed every Federal program that I know of.

Mr. Cramer. In addition to that, the assumption is that if the local community comes to Uncle Sam for money, the assumption is that it is either not able to, or unwilling to, put up its own money, and it is very often the former, that they are unwilling to spend their own tax money.

I cannot believe that the people are willing to spend Federal money when they are not going to spend the local money which comes out of the same total, gross national product, in the long run.

If they do not want something done on the local level by their support of their own officials of their own program, who is to assume that they would be willing for the Federal Government to do it even though they have evidence they are unwilling to support it? That is what I am talking about, in addition to what the gentleman said.

Mr. Scherer. Well, in addition to that, we know that many communities and local public officials do not want to assume the political responsibility of raising taxes.

Mr. Cramer. That is right.

Mr. Johnson. Mr. Mayor, I would like to ask you one question. I presume that you are here because we are facing a very serious unemployment situation in the United States. We are just about holding our own, and the upturn has not been what it was expected to be, and we are asking for this legislation, and you are here supporting it from the standpoint that you do want to assist.

Your city, and other cities throughout the United States, does have projects that can come under the emergency provisions of this bill. They are depressed areas. There are other cities that cannot come into the standby project, the $2 billion, when triggered by this unemployment situation that we face, that would be willing to go along and put what local funds they possibly can into the program, because in many, many cases the engineering has been completed with local funds, and certain local governments have set up what local projects

they want to move forward on under this standby legislation that we are asking for comprising the $2 billion program. Is that not right?

Mr. McKinney. Yes; that is correct.

Mr. Baldwin. Mr. Chairman?

Mr. Johnson. Mr. Baldwin.

Mr. Baldwin. Mayor, I would like to ask you a specific question on a public works project on which I attended two or three meetings about a year ago.

What is the status of the proposed bridge over the Sacramento River?

Is it going to be a high-level bridge or a low-level bridge or has it been solved yet?

Mr. McKinney. Has the Federal Government made a decision on that yet?

Mr. Baldwin. I am just asking what the viewpoint of the city is.

Mr. McKinney. Our view is that it should be a high-level bridge and that has been our recommendation on it.

Mr. Baldwin. Thank you.

Mr. McKinney. But I do not believe that the engineers in the Federal Government have yet told us what——

Mr. Scherer. See, that is what I was talking about.

Mr. Cramer. It does not make any difference what Sacramento says.

Mr. Johnson. I might say this: I have been following this very closely myself, and we have been in on most of the meetings so far, and they are now making that study and will come in with some recommendations, the city of Sacramento, the county of Sacramento, and the State, as to whether the people are in favor of a high-level bridge, and I am sure the Corps of Engineers will go along and the Bureau of Public Roads.

Mr. Scherer. Now, if the Bureau of Public Roads does not want to go along, it can veto it, can it not?

Mr. Johnson. That is right.

Mr. Scherer. In spite of what the State of California wants and in spite of what Sacramento wants they can say, "Now, we disagree with you," and they will prevail.

Mr. Schwengel. Mr. Chairman?

Mr. Johnson. Mr. Schwengel.

Mr. Schwengel. Mayor, I would like to ask a question.

First, I would like to make an alteration here and point out that on page 3 you were talking about the indebtedness, that it has doubled and quadrupled since 1946.

This is necessary because you could not go in debt or you could not launch out on these public works programs during that critical time of the war, and therefore, this is necessary to take into consideration the fact that you could not because you were not wanting to serve the public interest.

So you were merely picking up a backlog and you were not necessarily creating it because of this increase in indebtedness. Is that not true?

Mr. McKinney. Well, we were picking up the backlog because of the delay in being able to progress with public works, yes.

Mr. SCHWENGEL. Yes; and in your ability to do that you were serving the public interest by being able to take advantage of the laws that prevailed, that made it possible for you to do this?

Mr. MCKINNEY. Yes.

Mr. SCHWENGEL. And while you were doing this also you enhanced the entire economy of your community, and you increased the assets of your community substantially. Is that not true?

Mr. MCKINNEY. Yes; it is true.

Mr. SCHWENGEL. And so you have a greater taxable valuation now that has vastly increased in your community.

Is that not true?

Mr. MCKINNEY. Yes; our assessed values have skyrocketed.

Mr. SCHWENGEL. So this is not really too impressive testimony in favor of this bill, as I see it.

Now, I would like to ask you, sir, if it would not serve your interest and the people's interest in California to have the present program, some $6 billion of programs, which have been authorized and the money appropriated for them in many areas, if it would not be to serve your interest better to have those programs stepped up than to have this program passed?

Mr. MCKINNEY. Well, it would certainly help, of course, to have those stepped up, but I do not know whether that would take the place of the proposed legislation that we are talking about here today, which would be a——

Mr. SCHWENGEL. Well, it envisions the employment of thousands more than this proposed legislation.

Mr. Meany said at most that this would employ 250,000 on a temporary basis and, in many instances, it held no permanent solutions and would not provide any permanent jobs.

In fact, in most instances it would provide no permanent jobs, and California benefits from immigration and, therefore, it seems to me that you should be greatly interested in stepping up the development of the Interstate Highway System.

It seems to me that you should come before this committee and say that we ought to adopt new policies and new rules on the Interstate System which would envision the building of those roads which are going to be used most, firstly, one leading from Chicago through our State, which envisions a traffic count of 20,000 cars a day throughout Iowa.

And yet we have in this program, within the State of Iowa—we are going to have sections of the road that are going to be created and we will have an estimated traffic of 5,000 maximum per day.

Would it not make more sense to have this highway headed across the United States completed, and that would help not only California but help all of our States economy a lot more than legislation of this type could ever help?

Mr. MCKINNEY. Well, of course, we have supported that interstate highway program 100 percent, but I do not see that that necessarily excludes consideration of the proposed legislation here.

Mr. SCHWENGEL. You would say that this is more important than the earlier development of the Interstate Highway System?

Mr. MCKINNEY. That is not what I am saying.

Mr. SCHWENGEL. But I mean, there are other things more important to California and more important to the economy of the country, and for the benefit of the permanently employed, than this kind of legislation that is before us at this time.

Will you admit that?

Mr. MCKINNEY. On the longrun basis, perhaps you are right; yes.

Mr. SCHWENGEL. Not "perhaps."

Mr. MCKINNEY. I am not an economic expert.

Mr. SCHWENGEL. You are holding yourself out as some kind of an expert when you come before this committee on this kind of legislation which, in my opinion, is inaccurate and is not completely thought out and not entirely in the public interest.

Mr. JOHNSON. Mr. Schwengel, I would like to make one comment on what you said.

Our Highway 80 program is complete to San Francisco. There are some minor reassignment that have to take place on it.

Mr. SCHWENGEL. But there are long stretches of it between Chicago——

Mr. JOHNSON. And also our State has carried on a very fine highway program in addition to that, and we have been following it for some time, offering a lot of good public works that have kept down unemployment and kept the economy up.

And now, this legislation that we are asking for here, I hope we never have to use the standby. I hope these other programs carry on and are speeded up and will keep our country in the economic condition that we hope it will be in.

Now, the emergency legislation we are asking for here is very necessary now to assist the depressed areas. We would have complete control over it. And now, the standby that we are asking for is legislation, we hope, which will stop any further recession.

If certain conditions exist at that time, why, it is self-triggered and it goes into operation and it does stave off further recessions.

Mr. SCHWENGEL. Mr. Chairman, I agree with the objective, but I say this is not the answer. We ought to come to grips with the real answer, and we will find a lot of answers that will not cost any money.

I think this would be welcomed in California, as it would be welcomed in any other place.

Mr. CRAMER. I just wonder what the answer would be to a request by the Governor of California that he be given the powers over State legislative matters that this bill gives the President, to the exclusion of the Congress, including the $600 million bill.

I think their answer would be a flat "No."

Mr. JOHNSON. I disagree with you. The people in the State of California just gave the Governor the right to spend $1,750 million for a water program.

Mr. CRAMER. That is right, by a direct authorization for a direct program, not letting him transfer welfare funds or highway funds to this public works new program.

Mr. JOHNSON. He has a great deal of authority. He and his water research——

Mr. CRAMER. I agree with that. I agree that within a program or within a department it is one thing, but a transfer of authority between departments and even out of absolute areas that are even more

needed than public works, such as public welfare and unemployment compensation, to transfer those funds into a public works program, which the President is asking Congress to do here—I am confident the legislature would say, "Well, who is legislating, the Governor or the legislature?"

That is the problem we have in this legislation.

That is all, Mr. Chairman.

Mr. JOHNSON. Any further questions?

I want to thank you, Mr. McKinney, again for your testimony and the answer to the questions by the committee.

Mr. MCKINNEY. Thank you again for permitting me to be here today.

Thank you.

Mr. JOHNSON. The next witness is Mr. William Moss.

Will you take the witness chair, Mr. Moss?

STATEMENT OF WILLIAM MOSS, CHAIRMAN, COUNTY PLANNING COMMITTEE, FAIRFAX COUNTY, VA., ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTY OFFICIALS

Mr. Moss. Thank you, sir.

Mr. Chairman, and gentlemen of the committee, I hope you do have just a little patience left for about 4 minutes of your time.

My name is William H. Moss, and I am chairman of the county planning committee of Fairfax County, Va. However, I am speaking today as the chairman of the national planning committee of NACO.

I will quickly tell you that I have no personal ax to grind. I make the statement that the National Association of County Officials strongly supports that portion of the bill, H.R. 10113, which would create an independent Office of Public Works Coordination. We have endorsed this principle.

You have before you, sir, a copy of the statement which I had proposed to read, but I will not read it but will paraphrase it for the purpose of saving time and for emphasis.

At the expense of getting shot in the back I will say that I do not care at this point whether you put $6 million or $600 million in this bill; that the prime purpose and the meat of the bill is in the Office of the Coordinator of Public Works. This is the purpose. This gives us the tool with which to do much of our own work.

The Federal Government's participation in the allocation of funds is fine. I personally shrink from it, but by the establishment of the Office of Coordinator each individual jurisdiction, and there are thousands of them—counties, cities, and towns—are encouraged to plan a 5-year public works program, not only plan it but to get some definite plans made, such as test borings and architectural plans, in other words, already to go.

This could be done, if necessary, through the funds of the FHA, which funds presently exist, but each area, if it could be encouraged to draw up a 5-year public improvement program and not shelve it and say, "Well, now, if we have a recession, the Government is going to come in and allocate some funds and we can then get it in gear—" if they could be encouraged to draw up that plan now, that would be fine. This would be a program of projects which they need now, such

as pollution and stream control, public buildings, and many other things that these jurisdictions have to have anyway in the next 5 years.

They can put them up there and as local funds become available through either bond issues or local revenues they can build these projects but at any one time if it becomes necessary, through a known barometer of the national economy, that there should be some pump priming done then the Office of the Coordinator has an index of all of the projects of all of the jurisdictions in the whole country to pull from this any moneys that would be necessary to allocate in the judgment of the Congress and which could be done on an emergnecy basis, and not some day in connection with this bill at all. You could, by jurisdiction, by geographic location, extend that money where it would do the most good.

You could categorize the projects that would be pulled out of the local jurisdictions insofar as the problem might relate to common labor or white collar workers, engineers, or scientists or some other level, but you would have a complete index of all projects approved by the local jurisdictions and designed by the local jurisdictions, not some manufactured project to take advantage of moneys that might be allocated under the barometric indication of a recession, and not something made up real quickly to take advantage of this money or just to get people to work, but something designed and implemented by the local jurisdictions themselves, and then if it becomes necessary to put the money in you remove yourself from the technique of trying to put it where the most pressure is, because you have a scientific guide of where it is to be spent in terms of geographic jurisdictions and, as far as the need is concerned, at any level.

But it does another thing beyond this. It will have an effect upon the economy if you do not put a dime into it, because it will excite the local towns and cities and State governments to do planning which they might not do otherwise, and once these plans are made on a 5-year basis and detailed drawings are made for preparation—you know, sometimes big plans stir the blood of men—and through the local pressures of service organizations the city groups, as well as the politicians, they will begin to build a lot of these that they have never thought of if they had not been triggered into the 5-year program.

So if you do not spend a cent there are going to be many, many thousands of projects built in the United States because some planning is done.

And the Office of the Coordinator of Public Works has triggered all of this without a pump-priming technique.

Now, I do not say that we will never need pump priming, but I say if we do, for goodness sakes, let's do it so it can be applied at the level and location where it is needed.

But then the Government would not be dictating to the local jurisdiction what they should build and where. They would not find themselves in the position of judging what projects went where, whether they were wanted by the local people or not, because you would have the Office of the Coordinator, with the local people designing them.

So I address myself today to the aspects of these bills only insofar as they relate to the establishment of this office of Public Works Coordinator.

For goodness sakes, save that portion out of the bill. I do not care if you put any money in the bill, none at all; it will still serve a great purpose and great need.

You will have exercised the leadership as you should, and the local jurisdictions would have been the designer of the whole thing and any moneys under a plan like that—and I hope they are never needed—we will not have to look back on something like the WPA days and see the ditches filled up where we spent so much cleaning them out just shortly before, because any money spent would have been spent at the local level to promote those things which are most needed, and which would inure to the benefit and to the completion and development of the area in which it was spent.

Thank you very much.

Mr. JOHNSON. Mr. Moss, would you want to have your prepared statement inserted in the record as read?

Mr. Moss. I would prefer what I said, sir.

Mr. JOHNSON. Well, that will be in addition.

Mr. Moss. Yes, if you would.

Mr. JOHNSON. Without objection, we will place the statement in the record as if read.

Mr. Moss. Thank you, sir.

(The statement of Mr. Moss follows:)

STATEMENT OF THE NATIONAL ASSOCIATION OF COUNTY OFFICIALS, IN SUPPORT OF H.R. 10113 SECTIONS WHICH CREATE A PUBLIC WORKS COORDINATOR, PRESENTED BY WILLIAM MOSS, SUPERVISOR, FAIRFAX COUNTY, VA.; CHAIRMAN, NACO'S PLANNING COMMITTEE

Mr. Chairman, my name is William Moss and I am supervisor of Fairfax County, Va. On behalf of the National Association of County Officials who I am representing today, I wish to thank the committee for the invitation to appear and express our views on this important legislation.

In summary, the National Association of County Officials strongly supports that portion of H.R. 10113 which would create an independent office of public works coordination. We have endorsed this principal for many years in our policy statement—the American county platform. We are not testifying either for or against the acceleration portions of this bill, because we have never formally considered this matter in the association and have not had a chance to act upon it in our platform. Messrs. Connor and Kalahar will address themselves to the acceleration sections of the present bill.

COUNTY PLANNING

Our American county platform statements on planning are as follows:

7–1. Federal assistance.—Counties should be made eligible for Federal assistance to prepare general, countywide plans for industrial development, community facilities construction, long-range capital improvement, and other general planning on the same basis as cities are now eligible for such aid. Section 701 of the Housing Act of 1954 should be amended to specifically include, for eligibility, individual counties or groups of counties acting together.

7–2. Public Works planning.—The program of advances for public works planning outlined in the Housing Act of 1954 (Sec. 702) has been of very great value to communities in making available interest-free Federal loans for planning the construction of vitally needed public works facilities. These funds are repayable when the facility is constructed and are therefore made available to other communities on a revolving basis. We heartily endorse this program and commend the Congres and the administrative agencies for making this assistance available to counties and other local government units.

7–3. Public Works Coordinator.—The President, by Executive order, has temporarily set up an office for Public Works Coordinator. This unit has been extremely helpful to counties and other local units in developing advance planning for public works which both reduces the cost of public facilities and provides a

backlog of projects available for increased public spending in time of economic disruption. We endorse the aims of this program and recommend that the Congress establish this office permanently by appropriate legislation.

As you know, our 3,047 counties have an enormous job of providing public facilities. Most of the growth of the Nation has been in the suburban areas where generally speaking the county is responsible for providing schools, water supply, sewage disposal and a host of other facilities.

The Nation as a whole has a large stake in our ability to provide these public works. Congress has wisely provided us with direct Federal aid for such facilities as airports, sewage facilities, housing, urban renewal, highways and others. Congress, in the Housing Act, has also provided the section 701 grants which allow us to make long-range planning studies of our needs for land use, economic development and community facilities. Under section 702 of the same act, our counties can obtain interest-free loans to make test borings, engineering plans, architectural drawings and to do all the preliminaries in preparation for the letting of bids for a specific project such as a courthouse.

The one element that has been lacking is a national office to work with the localities, the States and other Federal agencies to insure that this entire process is coordinated and fits together. The Office of Public Works Coordination would fill this void.

ADVANTAGES TO THE CONGRESS

We anticipate the following national advantages to the creation of this office:

(1) Keeping the President and the Congress advised on the status of public works construction, planning, and those public works needed to meet our national, regional, and community growth and economic development.

(2) Encouraging and suggesting methods by which the public works planning policies of the various instrumentalities of the Federal Government, and the instrumentalities of State and local governments can be coordinated to insure maximum effectiveness and efficiency in public works construction.

(3) Keeping in readiness a public works acceleration plan should a public works acceleration program be undertaken nationally.

ADVANTAGES TO LOCAL GOVERNMENTS

Long-range public works planning is vital to the orderly and businesslike development of our counties and is needed regardless of passage of a national public works acceleration program. An Office of Public Works Coordination would bring the following advantages to local government.

(1) The office could provide advice and technical assistance to preparing a long-range local program of public works needs.

(2) This type of local plan could allow us to (a) acquire land on a long-range orderly basis; (b) to make more realistic long-range financing plans; (c) plan our bond referendums and allow entering the finance market at the most advantageous times and (d) keep our public works needs more in line with our growth and replacement needs.

Mr. JOHNSON. Are there any questions on my right?

Mr. GRAY. No.

Mr. JOHNSON. Are there any questions on my left?

Mr. CRAMER. I have one or two.

Mr. JOHNSON. Mr. Cramer.

Mr. CRAMER. I want to congratulate Mr. Moss for what I think is a very forthright statement, but, as I understand it, the administration has testified against the creation of an Office of Coordinator.

They do not want long-range planning within a specific agency. They want all of the segmented agencies to do their own planning separately, and then the President to implement them by triggering this expenditure across the board, without any suggestion from Congress as to where it should be spent, and going into new areas that are not authorized now under a direct Presidential supervision.

Mr. MOSS. You may know that I do not agree with the administration's organization of this. You may have sensed that from what was said.

I think that this can be handled in a far more effective way to let the local areas plan for themselves, and then if, and only if, an emergency exists, by some barometer of economics with which I am not familiar and probably you are, sir, the money can be spent wisely and not in spite of the local jurisdiction, but to benefit them.

Mr. CRAMER. So your thought is that some agency, be it a separate coordinating office or it could be within the existing Housing and Home Finance Agency, they could have the function, and I think the President could instruct them, by Executive order, to work with communities in setting up, as you say, ordinary 5-year programs to be accelerated at such time as the President decided, and Congress agreed, and then take a look at it to decide how much money should be spent and in what areas.

Mr. MOSS. You have said it better than I did.

Mr. CRAMER. There you have a well-planned, long-range program. It is not a leaf-raking program. It is not the WPA.

It is not a political decision as to where the projects should go, but you have got a backlog inventory already existing on sound projects, considered on the merits and areas of need, and one that could be accelerated or implemented not only by action of the President, but by his triggering on the requests to Congress——

Mr. MOSS. Right.

Mr. CRAMER. To determine what areas of construction should be implemented and how much money is needed to do it.

Mr. MOSS. You have said it extremely well.

I would hesitate to put any money into a project on a standby basis, because it does not stand by very long, as you know. There is too much political pressure to use it in other areas.

Mr. CRAMER. Well, your thought then is one that goes beyond what I was thinking of, as a matter of fact.

Because of the pressure in given areas on given projects it may be that the gun would be loaded and triggered before it was really needed because of political pressure for projects.

Mr. MOSS. Particularly if the money is already there, Congresman.

Mr. CRAMER. That is what I am talking about. Well, it is there because all the President has to do is transfer it immediately from any funds that are unobligated and then Congress has got to replenish those funds.

I mean, constitutionally, can you, as a citizen, stomach that approach of Congress giving to the President such budgetary authority without review by Congres initially?

Mr. MOSS. If I may, Mr. Chairman, I have my local problems.

Mr. Cramer, I was the first Republican ever elected to the local governing body in Fairfax, Va., in 87 years, but this I am addressing myself to today is not only to the local problem at all, but to the general concept of how this can best be administered with the least amount of interference from the national level.

Mr. CRAMER. I thank the gentleman.

Mr. BLATNIK. There being no further questions, thank you, Mr. Moss. We appreciate your statement.

The hearings for today are recessed or are adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 12:50 p.m., the hearing was adjourned until 10 a.m. Tuesday, April 3, 1962.)

STANDBY CAPITAL IMPROVEMENTS ACT OF 1962

TUESDAY, APRIL 3, 1962

House of Representatives,
Committee on Public Works,
Washington, D.C.

The committee met, pursuant to recess, at 10:15 a.m. in room 1302, New House Office Building, Hon. George H. Fallon presiding.

Mr. Fallon. Ladies and gentlemen, the Committee on Public Works is meeting this morning in the continuation of hearings on H.R. 10113 and H.R. 10318, known as the Stand-By Capital Improvements Act of 1962.

Our first witness this morning will be the Honorable Henry W. Maier, mayor of Milwaukee, Wis.

Mr. Mayor, on behalf of the committee I would like to welcome you here this morning and thank you for coming down.

STATEMENT OF HON. HENRY W. MAIER, MAYOR OF THE CITY OF MILWAUKEE, WIS.

Mayor Maier. Mr. Chairman and members of the committee, I am very happy to be here and to appear before you today as a representative of the United States Conference of Mayors and the city of Milwaukee to make this statement concerning bills H.R. 10113 and H.R. 10318. I can heartily endorse these measures to speed up public works expenditures and to reduce unemployment during recession periods.

On behalf of the United States Conference of Mayors, Mr. Chairman, I have here the resolution of the conference which I would like to read on behalf of the conference.

Resolution Adopted by the 1961 Annual Conference of the United States Conference of Mayors, May 14, 1961

PUBLIC WORKS

Whereas modern and efficient public works are essential to a prosperous economy with continued economic growth and desirable urban development and redevelopment;

Whereas the current backlog of State and local public works needs is in excess of $50 billion;

Whereas State and local governments have been unable to raise the revenues necessary to meet public works needs; and

Whereas the problem here presented is one of great national importance: Now, therefore, be it

Resolved by the United States Conference of Mayors, That the administration and the Congress be, and are hereby, urged to (1) initiate an immediate analysis of the Nation's State and local public works needs and determine the actual size of the backlog, the rate at which existing facilities are becoming obsolete, and the rate at which new construction must be undertaken to meet the

demands of new population growth, (2) formulate ways and means of attracting a larger share of available capital funds into the public works, (3) provide assistance to State and local governments so as to encourage long-range programs of capital improvements and to further provide such State and local governments with technical assistance so as to improve fiscal planning and financing techniques, (4) strengthen and expand those existing programs which are now effectively encouraging the advance planning of public works and which are encouraging needed public works construction, and (5) enact a program of public works aid which will serve to spur capital improvements construction activity over and above normal levels at times of economic slump so as to accelerate employment.

Mr. Chairman, the intent of each of the bills is a sound one. Each would set up governmental machinery which would, under certain conditions, permit the President to employ the powerful economic forces involved in accelerated Federal, State, and local public works programs. Either bill would fill an important gap in the fiscal policy machinery of the Federal Government designed to offset the dips of the economic cycle. I refer to the gap created by the essential need for a combined approach on all levels of government—Federal, State, and local—if public works programs are to help curtail recessions rather than intensify them.

For individual cities and States are somewhat in the same position as individual citizens during recession periods. Often they are pressured to cut spending and employment at the very time the economy requires the stimulation of increased public works expenditures.

The Federal responsibility in this matter, it would seem to me, is rather apparent. Only the Federal Government has the necessary taxation and borrowing powers to bring about an effective antirecession program. Without Federal assistance and initiative State and local governments have neither the budgetary flexibility nor the financial basis to combat the effects of recession on their own.

Local governments, depending as they do on property taxes to finance the major part of their activity, have difficulty in maintaining a constant level of public works and certainly could not finance additional public works in times of economic stress. The property tax is inflexible, unjust, and highly regressive. Unless localities have Federal assistance to finance public works during such periods, they simply cannot provide necessary public facilities, property taxes cannot be raised, and municipal borrowing becomes next to impossible.

While I recognize that public works programs represent only one facet of the Federal Government's efforts to ward off recessions, they can play a major role in dealing with the threat of the more serious setbacks involving widespread unemployment. They can buoy up the economy by putting more money into circulation, directly increasing employment and creating a market for raw materials and equipment.

They have the byproduct effect of increasing the usable public facilities and services of the Nation at every level, providing long-term as well as short-term benefits. And, finally, the sort of program which is projected in these two bills will improve the financial stability of State and local governments at a time when they are most in need of relief.

I cannot stress too much the importance of State and local public works programs as key antirecession measures. The very size of local public works programs means that a slowdown in this area would

mean an immediate increase in unemployment. In 1960, local governments alone spent 17 percent more than did the Federal Government in all areas, excluding national defense and foreign aid. Local governments spent four times and State governments three times as much for nondefense capital outlay expenditures as did the Federal Government. These statistics, I think, well demonstrate the need for local, State, and Federal fiscal operations to complement each other—particularly in public works activities—to compensate for the downward movement of the business cycle. The Nation can ill afford a cutback in local expenditures during a recession because even a small decrease in local and State public works spending would offset major increases in Federal programs.

If a permanent antidepression policy were established by the Federal Government, through a program of public works incentive grants to State and local governments—as advocated in these bills—local governments would be eager and able to serve as effective partners of the Federal Government in an antirecession program.

On the local level, governments could swing into action immediately. To cite my own city of Milwaukee as an example, a city with a quarter of a century of long-term capital budgeting behind it, we always have a pool of projects in our 6-year capital improvements program which would make excellent antirecession undertakings. Many of them require no land acquisition and could move quickly from the idea stage through planning to actual work underway. Some of these projects would employ large numbers of unskilled labor—one of the first groups to feel the effects of a recession. Others require substantial orders of electrical equipment, steel, concrete, and other items that would boost industrial activity. If cities across the country were given the means to step up the pace of such projects—a means I believe these bills would provide—a significant lift could be given to the Nation's economy at the time it needed it most.

Once such a standby program has been put into effect, cities will be on notice to move further ahead in their public works planning and land acquisition programs to increase the number of projects always on hand for antirecession use.

In the case of Milwaukee, for instance, we could probably advance our detailed planning so that our shelf of plans for bid letting is always a year ahead of where it otherwise might be. From a municipal budgetary standpoint this would be highly desirable, since it would make more detailed costs available at the time our budget estimates are considered. Since there will be additional costs involved in developing plans so a public works program can move rapidly ahead in time of recession, public works planning advances should be made available for this purpose.

Repayment of these loans could be waived for projects gotten underway during an acceleration period as described in these bills. If the municipality chose to finance the planning of such works from its own funds, then an appropriate credit should be given toward the local share of the costs of the projects. If credits were allowed, the municipalities which used local funds rather than Federal funds to finance advance planning would suffer no penalty for doing so. At the same time, there would be an incentive for localities to do their planning early, since the costs involved would be included in the final

accounting should the project reach completion during the acceleration period as defined by the act.

For these reasons, I believe that the provisions relating to public works planning advances should be more realistic and generous than those contained in the administration's bill, H.R. 10318.

The provisions in bill 10113 relating to the amounts authorized for allocation are, I believe, much more flexible and more likely to produce State and local matching appropriations than those in bill 10318. Under the latter bill, only half as much money is allocated for grant-in-aid programs, which, as I have pointed out, produce a greater volume of work than do direct Federal projects. To use such a large proportion of funds for exclusively Federal projects would be to dilute the intended effect of the bills by decreasing proportionately the cooperation of local agencies and the number of works they would undertake at the time most needed. Because under bill 10113 more Federal dollars would be matched by equivalent State and local appropriation, I think its manner of allocating funds is substantially superior to that spelled out in H.R. 10318.

I also think that bill 10113 is superior to bill 10318 in the manner it proposes to administer the program. Bill 10113 establishes a separate Office of Public Works Coordination and Acceleration, directed by a Presidential appointee of sufficient standing and stature to coordinate the various other Government units involved, such as the Department of Commerce, the Housing and Home Finance Agency, and other branches concerned with grants-in-aid programs and Federal works programs. A separate coordinator, I think, is to be preferred to an administrator who might have a special interest in one of the branches involved and lack the overall view that would seem necessary if the program is to work effectively.

In summary, gentlemen, I am in favor of either bill, although I feel that the version submitted by Mr. Blatnik, H.R. 10113, is superior in many respects to H.R. 10318. Let me add that now is the time for such legislation to be enacted. We should prepare in advance for an effective program of Federal, State, and local governmental machinery to combat recessions through a coordinated program of increased public works. Only in this manner can the activities of these combined units, working together on all levels, be harmonized into a single, effective force to combat recessions while accomplishing substantial steps for the long-term public welfare of the United States and its citizens.

Mr. FALLON. Thank you, Mr. Mayor. Are there any questions?

Mr. BALDWIN. I have one question.

Mr. FALLON. Mr. Baldwin.

Mr. BALDWIN. Mr. Mayor, is Milwaukee now classified as one of the areas eligible for area redevelopment program aid, or an area with substantial unemployment?

Mayor MAIER. No.

Mr. BALDWIN. Has it been at any time since the Area Redevelopment Act went into effect a year ago?

Mayor MAIER. No.

Mr. BALDWIN. Thank you.

Mr. FALLON. Do you have any further statement to make, Mr. Mayor?

Mayor MAIER. No, sir.

Mr. FALLON. On behalf of the committee, we thank you for coming down.

Mayor MAIER. It has been a pleasure, gentlemen. Thank you.

Mr. FALLON. Our next witness is Mr. Jerome P. Cavanagh, mayor of Detroit, Mich.

Mr. Mayor, on behalf of the committee we thank you for your appearance this morning, and you may go right ahead with your statement.

STATEMENT OF JEROME P. CAVANAGH, MAYOR OF THE CITY OF DETROIT

Mayor CAVANAGH. Mr. Chairman and gentlemen, thank you.

My name is Jerome P. Cavanagh. I am mayor of the city of Detroit, and I appear here today in that capacity, and also as a representative of the U.S. Conference of Mayors.

Let me say at the outset, it is a very real pleasure for me to make my first appearance before a congressional committee in support of legislation designed to help American cities and distressed areas through a federally assisted accelerated program of planned public works. The people of Detroit were heartened to read President Kennedy's suggestion that immediate assistance be given to those sections hard hit by continuing unemployment. We strongly endorse his proposal. The acceleration of federally aided capital works programs and the substantial support called for in these bills for local public works programs is needed to shore up the national economy and to help the cities help themselves. Cities all over our Nation are prepared to swing into action and speed up their capital works projects.

The Detroit area, it is true, has special problems, but so does Pittsburgh and so does Providence, and so do many smaller communities which are classified as having substantial and persistent unemployment. Today, as I speak before you on this committee, nearly 200 men and women from the Detroit metropolitan area will have exhausted their unemployment compensation benefits and another 100 will have used up their entitlement to temporary extended benefits. While the national economy has shown strong indications of recovery, the Detroit area is burdened with an unemployment rate of 9.3 percent. Translated into human figures, this means 130,000 men and women without work. Nationally, the jobless rate remains at the high level of 5.6 percent despite strenuous efforts by all levels of government. Detroit will continue to be classified as a distressed area until the local forces we have set in motion have had a fair chance to succeed.

For example, we are encouraging participation in the Area Redevelopment Administration program. Also, we have embarked on a cooperative effort with the State government and the Detroit Board of Education to retrain many of those whose skills have fallen into disuse because the local economy has changed or technological developments have made their skills obsolete. As a part of this program we will attempt to include specific on-the-job training and work-study programs in our contracts subject to acceleration under the bills before this committee.

Here, gentlemen, is a good illustration of how one good Federal program, the manpower retraining law, can be used to help another good Federal program, accelerated public works.

I want to pause here momentarily and labor a point which I do not believe has been emphasized to the Congress. In Detroit, industrial mobilization for World War II and the Korean fighting recruited numerous laborers to meet the military needs of our Nation. We are left with an oversupply of workers in the face of a shift in military hardware to new weapons, decentralization, automation, and relocation of defense production and military suppliers' operations. These workers, recruited to fill the Nation's needs at a time of crisis, were younger and more mobile, more able and more competitive than they are today. Now they have roots, homes, friendships, and associations to which they are as entitled as you or I, and which they cherish and wish to keep. We will help them to get the new skills they must acquire to meet our changing needs. But we feel that the problem of readjustment faced by Detroit is, and should be accepted, at least in part, as a Federal problem, born of a national crisis.

The Nation recognized its responsibilities to its servicemen in the Servicemen's Readjustment Act. I urgently propose for your consideration the adoption of this urban adjustment bill to help the Nation's cities which underwent serious dislocation in response to the Nation's needs for survival. As a corollary of this theme I suggest to you that many rural areas classified as distressed areas can trace their troubles to the same period when young men and women left the farms by the thousands to serve in the Armed Forces and the factories. And we must recognize that the structure of our economy has been changing, foreign competition is an increasing factor, and automation and mechanization have complicated an already complex picture.

The programs thus far adopted, the distressed areas legislation, the Manpower Retraining Act, and the urban renewal program, have not sufficed to meet the very serious challenges of this decade. There are crying demands which must be met with dispatch. Too many people have been out of work for too great a time. Enforced idleness is destructive of individual initiative and creates situations of dependency which are dangerous to our national well-being. Yes, we do have work assistance programs for those who are able bodied and are on welfare. These men are given housekeeping activities while in sharp contrast the program you are asked to adopt involves capital improvements and the utilization of much labor and many skills.

I would like to make clear we do not wish to compete with private business; we will do everything we can to stimulate it to new levels of activity.

The most immediate method to stimulate the local economy is to authorize a speedup in both federally aided capital works projects and local capital works programs. We want to put men to work right now, some within 30 days and others within the next few months. We have local programs for street resurfacing, for example, which will give men jobs now. To delay in the adoption of Federal legislation would mean we would have to wait until next spring to do much additional street work. Many other sections of the country are similarly affected by seasonal factors.

A realistic total of $118 million and almost 18 million man-hours is documented in the appendix to my testimony. We have included as a separate figure the long-range program since many projects may be moved up to the near future by telescoping the time necessary to complete the initial program and by making funds available for their completion. The Detroit Board of Education has a demonstrated need for classroom facilities and has bonds authorized for the completion of a construction schedule in excess of $70 million. These totals mean jobs and Detroit is ready once again to show its willingness to break ground in the struggle for what I call urban survival.

These figures are merely illustrative of the tremendous impetus which our economy could gain by expediting projects needed and desired by the residents of cities all over the country.

I might say a word of caution is proper at this point. To a large measure the ability of municipalities to participate in the proposed accelerated public works program has practical limitations. One important restriction will be familiar to those of you who have served in city government. Once a budget is closed it is extremely difficult to reopen it, even though it may mean that substantial aid will thus be made available to a community.

A second restriction is characteristic of the urban problem: high-density living with hordes of daylight residents from the suburbs have combined to increase the demands for public services.

Additional complications arise from the need for welfare assistance and other services which increase astronomically during periods of economic stress at the same time that the community's financial resources may be rapidly shrinking. In Detroit our tax base has declined dramatically due to the aging of the inner city structures, freeway construction, urban renewal land clearance, and decentralization of industry. The total expenditure for all our welfare programs during good times back in 1953 was $7.4 million and a caseload of about 4,000 cases, as contrasted to the tremendous drain on our economy for fiscal 1960–61 of $32 million, and a caseload of 12,000 cases.

What solution do I have to offer? I might suggest that if the Congress wishes to help depressed areas, areas of persistent unemployment, then I suggest that you seriously consider alternatives to the financing set forth in these bills. I submit there are some rational alternatives for financing by the use of outright Federal grants to distressed areas, credits to distressed areas, and matching arrangements where local funds are available. One variation to get the depressed areas program underway would be to allow places such as the city of Detroit outright grants, under appropriate safeguards, for the first year of the accelerated program. This would give these communities time to go through the formalities of voter approval of bonds or to work out alternative methods of financing. It would also enable them to relieve their unemployment significantly and with immediate impact on the economic life of the locality. An alternative method would be to grant credits to distressed areas for their current public works program to meet the matching requirements for Federal funds. This concept has worked some degree of great success in the urban renewal program. In certain situations money can be made available for a matching formula even in depressed areas.

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To illustrate, our residents have voted approval of bonds for water expansion, sewers, and sewage disposal. These projects would give immediate employment to thousands of jobless.

As to the other programs suggested in the documentation I have reservations as to our ability to come up with matching funds. We are near the maximum of our budget bonding limitation, we have stretched our local resources to the outer reaches, and we are in the process of adopting a local income tax, I might add much to my chagrin, to relieve the pressure on business and industry. But there is little left for the increase required under these bills. If one of the above alternatives were adopted, the effect would be immediate and dramatic for our capital improvements program for streets. My city engineer informs me that we can put another 2,813 people to work for 32 weeks—the normal street work season—if we had an additional $24 million. But we cannot use revenue anticipation bonds from the weight and gas tax since that is already pledged in our program for this year. And there is no place in our budget to find additional money. If you were to adopt an outright grant approach, we could put these people to work very quickly. With the adoption of a 50-percent credit arrangement, we could put one-third of that number to work—971 people.

Other variations I am sure will occur to the committee members as a means to expand this specific program. A combination of credits and full grants during the first year the projects are initiated by depressed areas would provide the muscle to get these capital works underway—and to get the men and women back on the job quickly.

Let me turn now to a source of irritation to many cities. This is a provision in these bills for acceleration of federally assisted projects such as urban renewal. In Detroit we have authorized bonds for extensive urban renewal projects. But these projects will have little impact on our community for some time. Why? Under the present methods of execution, taking into consideration the timing of the various elements involved—planning, Federal review, Federal approval, public hearing, land acquisition appraisals, condemnation procedures, relocation of site occupants, site clearance, installation of public improvements and sale of the land to redevelopers—under a cumbersome set of rules, the jobs would be made available over a period of from 3 to 5 years. Drastic changes to speed up the administrative procedures are necessary to reduce the time significantly. In the urban renewal program it is the multiplier effect which private redevelopment offers that make this a relatively cheap way to put a lot of people to work. For example, while direct labor for site clearance and site improvements shown in the documentation total only about 500 jobs for 1 year, the redevelopers would need over 21,000 employees to improve this cleared land.

We have included documentation of the capital improvement program of the city of Detroit. It demonstrates the vast amount of unmet needs of our city. Many of these projects have been proposed and desired for better than a decade but due to limitations on the financial capacity of our city, have been postponed in favor of more pressing needs. Some of the projects are now ready to be placed

in construction; others, in the absence of new sources of revenue, will again need to be deferred. Acceleration of federally aided projects and of local capital works programs has a direct meaning in the human equation.

In Detroit, thousands could be hired for sewer, water, sewage disposal, parks and recreation improvements, public building construction and modernization, airport expansion, and a host of other projects. The benefits to the community in the expansion and modernization of these facilities will be widely distributed. These assets will contribute greatly in making it easier for Detroit to attract business and industry and to revitalize our economy.

Much of my presentation has emphasized the desirability of an accelerated public works program for distressed areas. I do not intend to minimize the very real need for standby authority to be vested in the President for a broad public works program for the Nation. The economic indicators tell him when there is a need to act. Delay in the implementation of an accelerated public works program caused by the necessity to appeal to Congress for authority might cause undue hardship and permit the Nation to slip into the further morass of a deep recession. The deliberative processes of the Congress are a necessary safeguard against a hasty and poorly conceived public works program. These bills provide the leadtime, the careful consideration and the advance planning such a program must have. I believe also there should be the kind of permanent office for preplanning public works called for in H.R. 10113. I believe also that the actual administration of this program should be directly under the President so that the administrator would be able to get active participation from all the Federal departments and agencies summoned to support this broad-gaged attack on our economic ills.

In conclusion, let me thank you for allowing me to come before you and testify, and let me say this in conclusion: I seriously urge your consideration of these two proposals, and that they be adopted quickly, because they will, in turn, in my judgment, give us the tools for the remaking not only of our city, but the country, which will fulfill the American dream.

Thank you.

Mr. FALLON. On behalf of the committee, Mayor, let me thank you for apearing here this morning and congratulate you on a very fine statement.

Mayor CAVANAGH. Thank you, Mr. Chairman.

Mr. FALLON. Without objection, at this point the appendixes to the statement of Mayor Cavanagh will be made a part of the record.

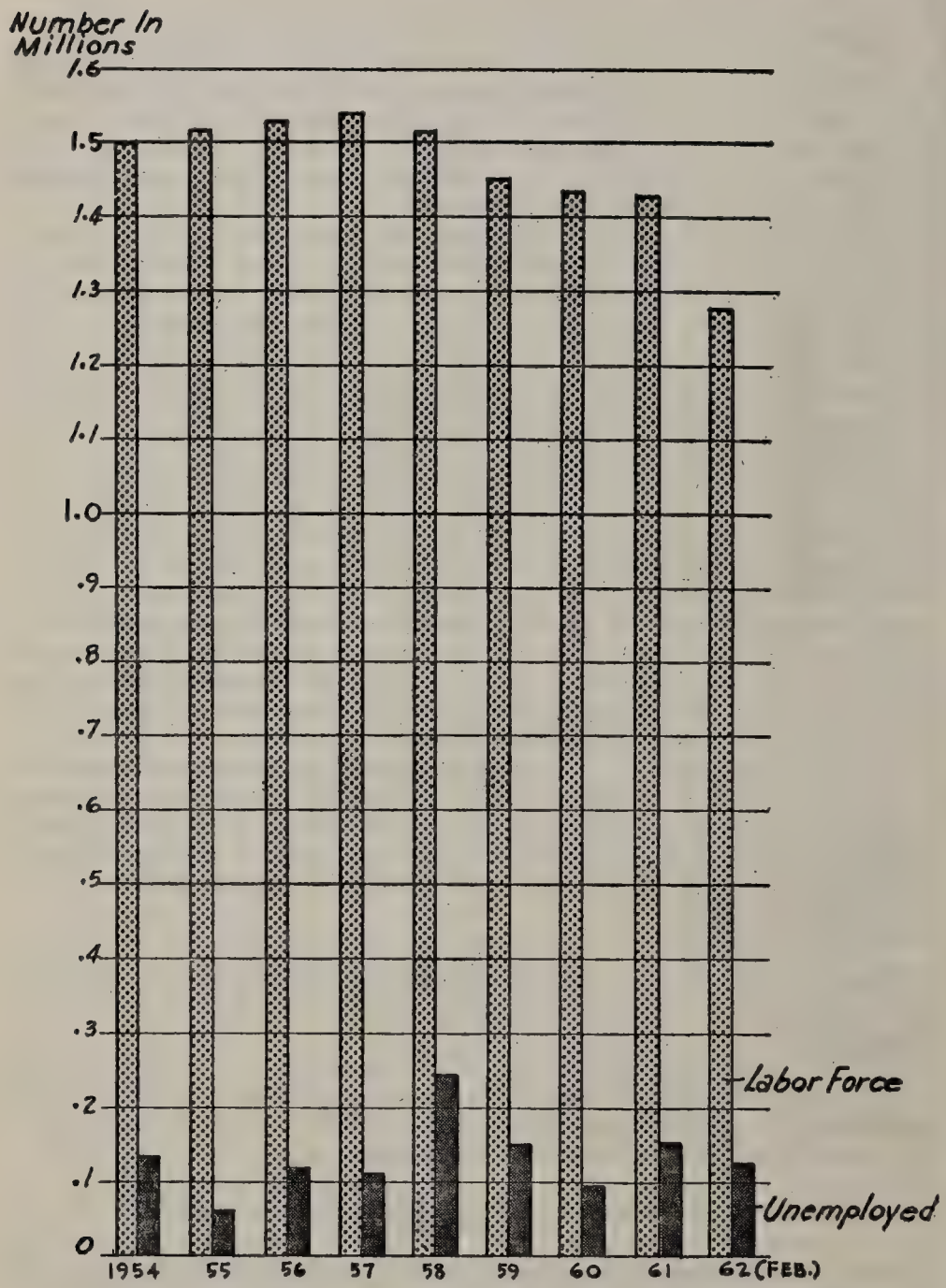
(The appendixes referred to are as follows:)

APPENDIX TO STATEMENT OF MAYOR JEROME P. CAVANAGH, CITY OF DETROIT, MICH.

The following summarizes and details public works projects which are ready or in preliminary planning stages. A standard formula computation was applied to project cost to determine man-hours of labor.

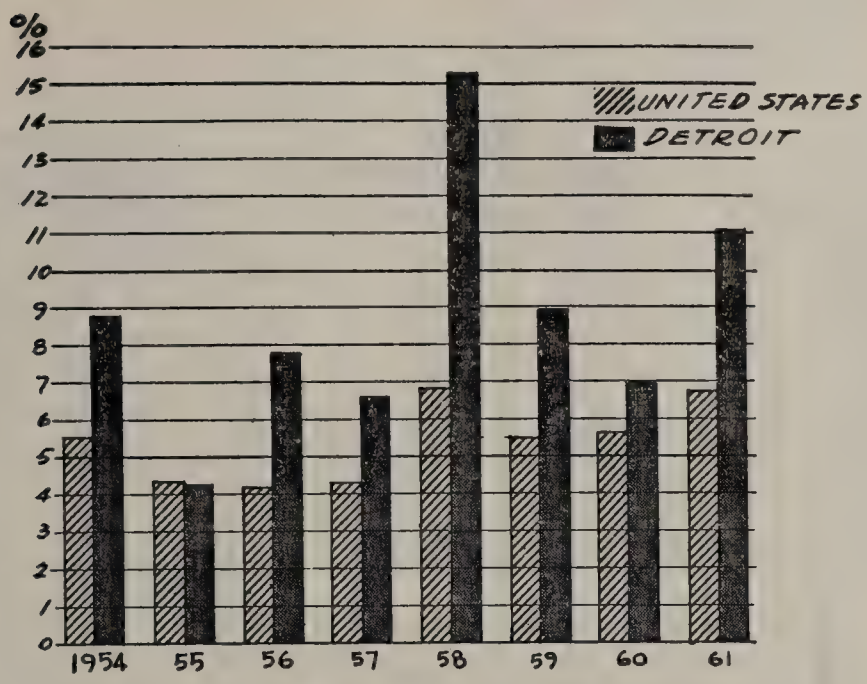
Direct labor was estimated to be 50 percent of total project cost.

Direct labor hours were obtained by calculating labor costs at $5 per hour. Indirect labor hours were added at a rate of 50 percent of direct labor hours.

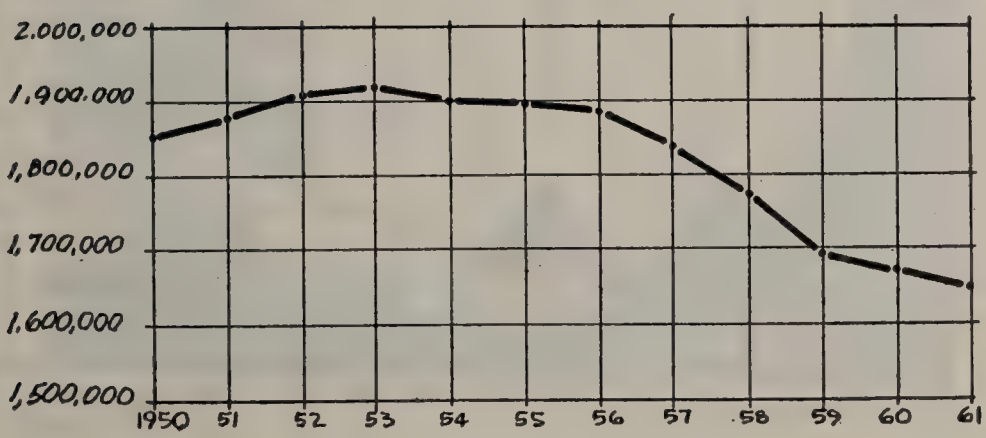


LABOR FORCE

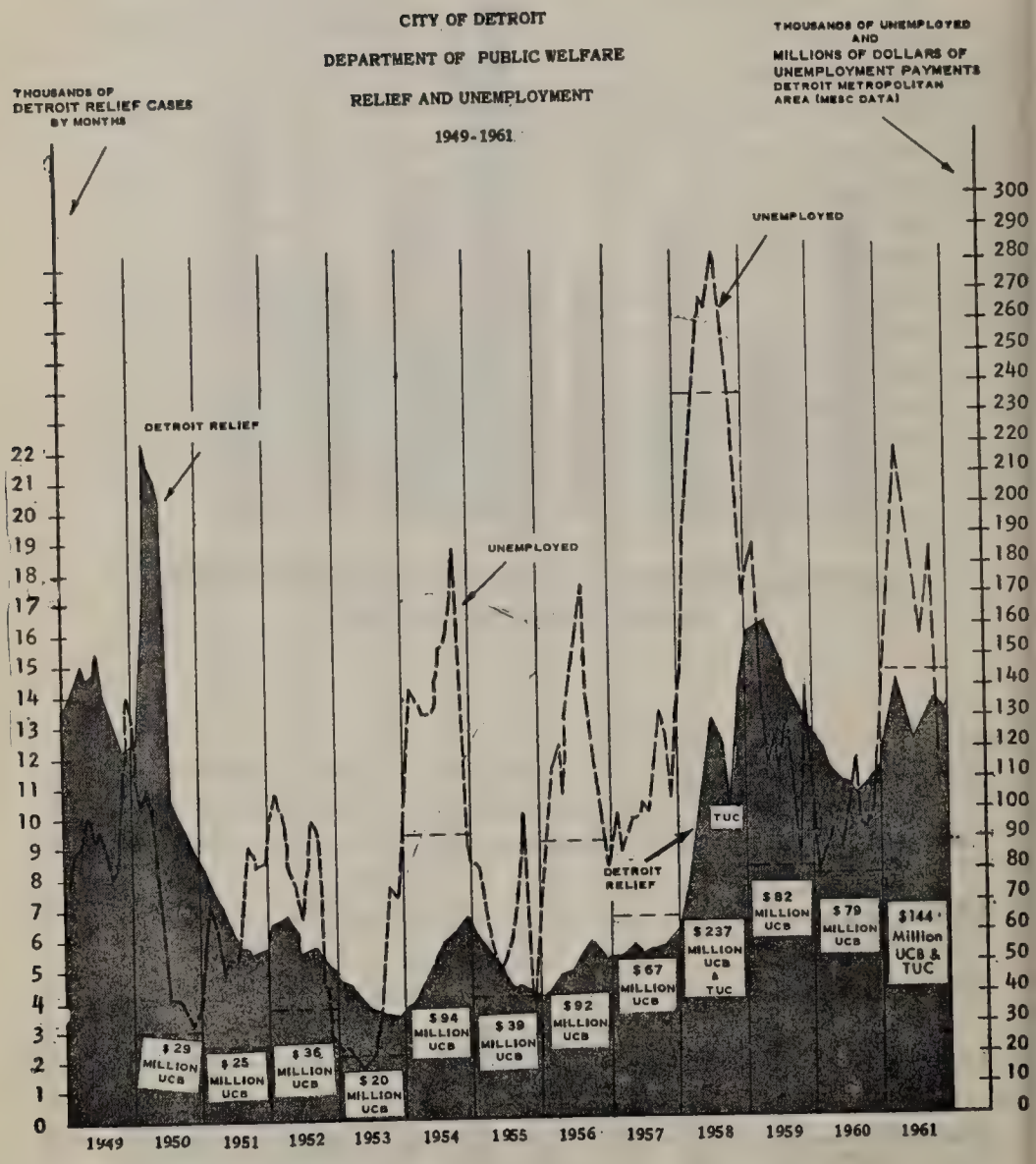
DETROIT METROPOLITAN AREA



ANNUAL AVERAGE UNEMPLOYMENT RATE
DETROIT METROPOLITAN AREA



CITY OF DETROIT
POPULATION ESTIMATES


CITY OF DETROIT
DEPARTMENT OF PUBLIC WELFARE
RELIEF AND UNEMPLOYMENT
1949-1961
THOUSANDS OF DETROIT RELIEF CASES BY MONTHS
THOUSANDS OF UNEMPLOYED AND MILLIONS OF DOLLARS OF UNEMPLOYMENT PAYMENTS DETROIT METROPOLITAN AREA (MESC DATA)
UNEMPLOYED
DETROIT RELIEF
UNEMPLOYED
DETROIT RELIEF
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1959
1960
1961

Summary of public works projects

	Projects for immediate or near future starts		Projects in long-range public works program [1]
	Estimated cost	Estimated man-hours of labor	
Airport	$1,021,500	153,225	$720,000
Civic center			3,162,000
Firefighting facilities	80,000	12,000	791,000
Flood control	10,000,000	1,500,000	
Hospital improvements	80,000	12,000	1,116,000
House of correction improvement	25,000	3,750	165,000
Highway, street and alley improvements	40,066,000	6,009,900	387,900,000
Lighting system improvements and extension	3,940,000	591,000	21,023,000
Parking facilities	3,800,000	570,000	3,000,000
Parks and recreation	12,020,000	1,803,000	55,490,000
Police facilities	665,000	99,750	3,230,000
Public buildings	1,290,000	193,500	21,858,000
Public transportation	500,000	75,000	283,000
Sanitation			5,727,000
Sewage treatment system	1,200,000	180,000	39,000,000
Sewers	38,585,000	5,787,750	96,039,000
Water supply system	5,000,000	750,000	88,000,000
Zoo	494,000	74,100	812,000
Grand total	118,766,500	17,814,975	728,316,000

[1] In the long-range work program are projects which would realize an additional 109,247,400 man-hours of labor.

Public works projects, April 1962

	Projects for immediate or near future start		Projects in long-range public works program
	Estimated cost	Estimated man-hours of labor	
Airports projects:			
Additions and improvements	$259,000	38,850	
Control tower	730,000	109,500	
Obstruction removal	32,500	4,875	
Total	1,021,500	153,225	
Administration building			$720,000
Civic center: Plaza area development			3,162,000
Firefighting facilities:			
Addition, engine house No. 59	25,000	3,750	
Hydrant installations	40,000	6,000	
Repair to telegraph building	15,000	2,250	
Total	80,000	12,000	
New fire stations			500,000
Hydrant installations			291,000
Total			791,000
Flood control projects: Rouge River	10,000,000	1,500,000	
Hospital improvements:			
Herman Kiefer	80,000	12,000	50,000
Herman Kiefer Health Center			250,000
Herman Kiefer			291,000
Receiving hospital			200,000
Maybury Hospital			325,000
Total			1,116,000
House of correction improvements:			
Electrical repair	25,000	3,750	
Electrical rewiring			165,000
Highway, street, and alley improvements:			
Street resurfacing	32,000,000	4,800,000	
New street and alley paving	1,800,000	270,000	
Curbing repairs	2,000,000	300,000	
Street widening and opening	2,953,000	442,950	
Sidewalks	500,000	75,000	

Public works projects, April 1962—Continued

	Projects for immediate or near future start		Projects in long-range public works program
	Estimated cost	Estimated man-hours of labor	
Highway, street and alley improvements—Continued			
Traffic control	$100,000	15,000	
Traffic signal extensions	280,000	42,000	
Park roads and bridges	48,000	7,200	
Grade crossing protection	96,000	14,400	
Highway river bridges	104,000	15,600	
Tunnel approach paving	185,000	27,750	
Total	40,066,000	6,009,900	
New street and alley paving			$14,400,000
Expressway construction			68,300,000
Street resurfacing			58,700,000
State trunkline widenings			1,300,000
Curb repairs			3,000,000
Street widenings and openings			138,850,000
Park roads and bridges			400,000
Riverfront Dr			16,000,000
State trunkline grade separation			2,200,000
Highway grade separations			3,400,000
Railroad grade separations			79,300,000
Traffic control improvements			700,000
Asphalt plant, new			550,000
Highway bridge (east side canals)			800,000
Total			387,900,000
Lighting system improvements and extensions:			
Residential streets	500,000	75,000	
Conduit construction	1,000,000	150,000	
Communications improvements	200,000	30,000	
Service extensions	1,020,000	153,000	
Main thoroughfare lighting	500,000	75,000	
Substation addition	720,000	108,000	
Total	3,940,000	591,000	
Residential street lighting			2,650,000
Communications improvements			2,678,000
Substation additions			2,505,000
Service extensions			3,890,000
Main thoroughfare lighting			3,300,000
Move lighting department headquarters			6,000,000
Total			21,023,000
Parking garages	2,500,000	375,000	
Old city hall site			
Cultural center site	1,300,000	195,000	
Total	3,800,000	570,000	
Plaza, civic center			3,000,000
Parks and recreation:			
Park development	1,000,000	150,000	
Service buildings	405,000	60,750	
National Guard Armory Landscaping	405,000	60,750	
Resurfacing walks and tennis courts	235,000	35,250	
Parks and playground rehabilitation	5,000,000	750,000	
Engel Park Marina	1,200,000	180,000	
Outdoor swimming pool	300,000	45,000	
Artificial ice rinks	2,000,000	300,000	
Public service improvements	76,000	11,400	
Playfield shelters	864,000	129,600	
General park improvements	175,000	26,250	
Lighted ball fields	360,000	54,000	
Total	12,020,000	1,803,000	
Recreation centers			2,925,000
Fieldhouses			1,650,000
Public service improvement			312,000
Park development			5,168,000
New service building			935,000
Outdoor swimming pool			1,800,000
Resurface walks and tennis courts			250,000
Camp buildings			60,000
Total land acquisitions			42,390,000
Total			55,490,000

Public works projects, April 1962—Continued

	Projects for immediate or near future start		Projects in long-range public works program
	Estimated cost	Estimated man-hours of labor	
Police facilities:			
New 10th Precinct Station	$600,000	90,000	
Headquarters rehabilitation	65,000	9,750	
Total	665,000	99,750	
New precinct station, 4th			$730,000
Old precinct rehabilitation			300,000
New police academy			300,000
Headquarters rehabilitation			900,000
Police communication improvement			1,000,000
Total			3,230,000
Public buildings:			
Main library addition	1,290,000	193,500	
Recorder's court rehabilitation			463,000
Recorder's court addition			2,500,000
Welfare building			1,900,000
Art museum addition			15,000,000
New branch libraries			1,125,000
Field engineer's office			325,000
Marine museum addition			20,000
Herman Kiefer Residence for Nurses			275,000
Gratiot Health Center			250,000
Total			21,858,000
Public transportation system:			
New heating plant, high pressure terminal	500,000	75,000	
Rehabilitate buildings and equipment			283,000
Sanitation:			
Materials storage building			130,000
Refuse disposal plants			4,200,000
Addition to incinerator			860,000
Employees building			230,000
Yard paving			307,000
Total			5,727,000
Sewage treatment:			
Plant expansion	1,200,000	180,000	
Treatment plant expansion			29,000,000
Interceptors, diversion work			10,000,000
Total			39,000,000
Sewers:			
Storm relief	10,500,000	1,575,000	
Street drainage	65,000	9,750	
Laterals	20,000	3,000	
Public sewer arms	28,000,000	4,200,000	
Total	38,585,000	5,787,750	
Do			95,000,000
Street drainage			239,000
Lateral sewers			280,000
General service building			520,000
Total			96,039,000
Department of water supply:			
Water transmission and repumping facilities	5,000,000	750,000	
Lake Huron water plant			88,000,000
Zoo:			
Refectory	110,000	16,500	
Concreting service and other areas	22,000	3,300	
Building and structural rehabilitation	362,000	54,300	
Total	494,000	74,100	
Railroad station			80,000
Public service stores			100,000
Australian plain			220,000
Fur and elephant seal exhibit			105,000
Carnivorous animal building			264,000
Refectory No. 6			43,000
Total			812,000

Through the courtesy of the Detroit Board of Education, an independent school district, we have been furnished a statement of the projects which they have planned for early construction.

Their total projects, if implemented, would provide the following jobs, in improvements and construction:

	Hours
Direct labor	7,556,000
Indirect labor	3,778,000
Total man-hours	11,334,000

Schools (total $71,140,000)

ELEMENTARY (TOTAL $27,187,000)

Amos Rehabilitation	$50,000	Krolik	$965,000
Anthony	525,000	Lillibridge Replacement	985,000
Arthur	10,000	McFarlane	10,000
Bell	725,000	McGraw Replacement	1,390,000
Bellevue Replacement	1,200,000	McMillan	150,000
Biddle	1,092,000	Mark Twain	470,000
Campbell-Campau Replacement	1,270,000	Monteith Addition and Rehabilitation	700,000
Columbian (K–3) Replacement	800,000	Moore Rehabilitation	125,000
Ellis	280,000	Morley	125,000
Emerson (K–3)	100,000	Newberry Addition	1,070,000
Farwell	525,000	Norvell Replacement	920,000
Field Replacement	1,200,000	Owen Replacement	1,040,000
Ford	10,000	Pingree	100,000
George	125,000	Sanders	1,700,000
Hampton	310,000	St. Clair Replacement	1,300,000
Harris Replacement	880,000	Schulz	25,000
Irving Replacement	1,070,000	Scripps Replacement	1,225,000
Jamieson Addition	390,000	Tilden Replacement	400,000
Keidan	1,950,000	Williams Addition	705,000
		Woodward	1,270,000

JUNIOR HIGH (TOTAL $30,638,000)

Barbour Rehabilitation	$100,000	Murphy	$2,225,000
Brooks	1,225,000	Neinas Rehabilitation	50,000
Butzel	3,030,000	Pelham	2,701,000
Earhart	2,550,000	Spain	2,250,000
Finney	3,680,000	Von Steuben	50,000
Joy	3,722,000	Webber	2,855,000
Knudsen	2,550,000	Wilson Addition	1,300,000
Lessenger	2,025,000	Winship Conversion	325,000

SENIOR HIGH (TOTAL $13,315,000)

Chadsey Addition	$1,375,000	Murray	$3,950,000
Eastern	4,000,000	Osborn or Cody Field House	50,000
Kettering	3,940,000		

Boiler replacement		$1,000,000
Relighting		500,000
Plumbing and sanitary facilities		1,000,000
Library installation		100,000
Transportable units		840,000
Primary units:		
Dexter-Davison	$300,000	
Winterhalter	300,000	
Hampton	300,000	
Total		900,000
Grand total		75,480,000

Blunt, cold figures are often not as helpful as explanations of the items for which they stand.

On the following pages you will find descriptive explanations of the work which will be done in execution of the projects which were detailed in the preceding section.

NARRATIVE DESCRIPTION OF PUBLIC WORKS PROJECTS

Airport

Federal requirements of minimum safety and eligibility for project matching funds require City Airport to acquire 7.8 acres of land at the southwest corner of the field, removal of the Aeromechanics School, a factory and 49 homes, to permit lengthening the main runway by 515 feet, to 5,100 feet. These additions and improvements will cost an estimated $259,000.

The present undersized and outmoded control tower should be replaced, to provide more personnel space and up-to-date navigational aid equipment, including a necessary instrument landing system and radar facilities. The site of the proposed new control tower will improve sight control of approaches to all runways; the proposed control tower, with 16,000 square feet of floor area, will be adequate to control traffic at Detroit City Airport's maximum potential capacity. The project cost is $730,000.

To increase the safety of aircraft in approaches and takeoffs, utility poles and high wires which border the airport on McNichols Road between French Road and Connor Avenue will be removed. This project is warranted by the heavy volume of usage at Detroit City Airport, which saw 164,995 landings or takeoffs in 1961, the most at any Michigan airport.

The present administration building was constructed in 1928 and is a reconverted hangar facility. Besides being obsolete, there is a definite need for additional tenant space. The proposed administration building will cover 25,000 square feet of usable space and will be two stories high.

Civic center

Plaza development and beautification will complete the site settings of Detroit's $100 million Civic Center, which contains our City-County Building, Ford Auditorium, Veterans Memorial Building, Cobo Hall and Convention Arena. In this area, a broad improvement plan will include concourse ways, public restrooms, park areas, an artificial ice skating rink, reflecting pool and other esthetic attractions to enhance the color, character and attractiveness of the civic center.

Firefighting facilities

To maintain and improve the hydrant system, Detroit has planned both short and long-term facility upgrading under a continuing program.

An addition to Engine House 59 is necessary to provide office, quartering and garage space for a chief at that station.

Telegraph building repair is required to rectify a potentially unsafe condition.

New fire station construction will replace an outmoded facility, and add protection to two areas which require increased protective service.

Flood control project

In April of 1947, a flood on the Rouge River exceeded all previous records by as much as 10 feet in depth. Since both existing sewers and those planned for the future were dependent upon maintaining a predictable level on the Rouge River, work began immediately to improve the natural channel, in order to accommodate the flood flows being produced by increased urban development in the Rouge drainage basin.

Detroit's city engineer, the Wayne County Road Commission and the U.S. Army Engineers have combined efforts, and have been assigned to a flood control study project for the Rouge River.

The U.S. Army Engineers have determined that the reach of the Rouge River between Michigan Avenue and the Detroit River qualifies for a Federal grant and have so recommended. This matter is now before Congress for appropriation of funds. The cost of the project is estimated at $20 million.

The public work project set forth here is additional work, over and above that proposed to be done by the U.S. Army Engineers. It extends the benefit of the improvements back into the drainage basin where development is predominantly residential and contains well over a half million people.

Expenditure of $10 million on this project would affect the local economy by adding the following work opportunities: 500 man-years of direct labor and 250 man-years of indirect labor.

In addition, if funds are appropriated by Congress for the U.S. Army-approved project estimated to cost $20 million, the local economy would benefit by the addition of the following job opportunities: 1,000 man-years of direct labor and 500 man-years of indirect labor.

Hospital improvements

To maintain an adequate standard of care for patients of city hospitals, and to provide necessary facilities, major capital equipment and structural improvements, a total of $1,146,000 in short- and long-range capital expenditures will be required. These funds will provide for renewal of electrical systems and other utility improvements, health centers and a prenatal clinic, a residence for nurses, and the rehabilitation and modernization of our hospitals.

House of correction improvements

A serious necessity exists to provide the dormitory buildings and work buildings of the house of correction with electrical system improvements which will bring these facilities up to modern standards. As the principal detention site for Wayne County adult male misdemeanants, and the State of Michigan's only women's prison, both divisions of the institution are at peak capacity. The electrical rehabilitation of both men's division and women's division dormitories will modify and improve original installations, which were constructed during the 1920's.

Highway, street and alley improvements

The street improvement program selected for acceleration is a realistic program. Only those types of projects have been included which can be started within a reasonably short time, and can be completed within one construction season.

Sufficient engineering data is available for these projects to perform the work both through private contract and through city forces, which could be expanded.

The addition of $24 million worth of projects added to the city's normal program of $8 million per season, totaling $32 million for an accelerated program, will result in a total of 3,750 persons in the labor force for a 32-week period. This is an increase of 2,813 persons in the labor force.

The program is realistic because of these considerations:

(1) It takes into consideration the physical limitations of contractors available in the area, procurement of certain materials to be obtained on short notice (portland cement, aggregate, drainage pipe, steel) and the limitation of the production facilities needed to manufacture materials for inclusion in the projects, such as asphalt materials.

(2) Minimum interference with traffic while this work is underway.

(3) Essential need of these capital improvement projects is established, and will benefit the community.

(4) These efforts would significantly reduce unemployment in the community.

Additional reasons exist, demonstrating the program's desirability. There remain 250 miles of unpaved streets within the city; 85 miles are front streets and 165 miles are side streets. These detract from the adjacent properties, through dirt, dust, and nuisance. In some seasons of the year, essential vehicles have difficulty traveling on these unpaved streets, which become nearly impassable.

From a total of 1,500 miles started in 1947, 600 miles of streets require resurfacing; 30 bridges need major repairs; 400 miles of curbs must be replaced. At our present rate, 10 miles of curb will be replaced; with acceleration, some 60 miles could be replaced.

Within the last 10 years, Detroit has paved and resurfaced residential streets, rebuilt and resurfaced major streets. Some boulevard-type streets have been built through the redevelopment areas and downtown business district; major east-west streets have been widened and Washington Boulevard extended and widened, from the hotel district to the civic center. In addition, both major and minor bridge repairs have been made throughout the city.

Also, in the past 10 years, Detroit has allocated over $20 million to the State highway department, as our share of the cost for freeways and other State trunklines within the city. Currently, Detroit payments exceed $2 million per year,

which go toward construction of 24 miles of completed expressways and some 16 miles now under construction.

Lighting system improvements and extensions

Long-term plans of the lighting commission project a program over the next 10 years, at normal construction rates. Projects are part of the commission's continuing capital improvements program.

Residential and main streets are being relighted with new fixtures that increase the degree of illumination. This new lighting is an effective aid in combating street crimes against persons; it aids traffic safety and business development.

Conduit construction and service extensions are carried out to increase the capacity and reliability of the power distribution system to meet increased load requirements. Changes in mechanical and electrical design, new equipment, and other improvements are needed to carry increased system demands.

Additional funds made available to carry out the citywide lighting program would means acceleration of construction and quicker fulfillment of documented needs. This acceleration would also enable improvements to the city's emergency communications systems, adding to the substation network, and extending the power service system.

Relocation of the lighting commission's headquarters building, a $6 million item, is a much needed project for which funds are not presently available. This headquarters includes the system control center, testing facilities, maintenance facilities, and the engineering and administrative offices. Present facilities are antiquated and obsolete, and relocation of them would clear valuable civic center land for suitable development.

Parking facilities

Three sites for underground parking structures are planned. Feasibility studies on two sites have been completed, and have proven the need for these projects in the areas for which they are planned. The third site is under a feasibility study, which will indicate an essential public need when the study is complete, on the basis of early findings. The three projects will cost a total of $6,800,000 estimated cost, with a total of 1,020,000 man-hours of direct and indirect labor involved.

Parks and recreation

Provisions for municipal parks, play areas, and year-round recreation are considered as important a function of city government as the maintenance of adequate police, fire, and health protection, water supply, and other city-provided services.

Public interest today focuses upon needed improvements and additions. Parks, playfields, tot-lots and parkways total 5,850 acres and the department spends $1½ million yearly for land development. Play areas range from half-acre neighborhood tot-lots to multiacre parks. These facilities are visited annually by 30 million persons.

In the summer, 432 locations are supervised for 400,000 vacationing youngsters, adults, and senior citizens. During the winter months a diversified program is conducted at 247 centers.

Fieldhouses, playfield shelters, and comfort stations will provide necessary washroom facilities, lockers, meeting rooms, and storage space for equipment at 65 locations for $1,275,000.

Land totaling 600 acres will be developed at $5,000 per acre.

With thousands of registered craft, Detroit is rapidly becoming the world's capital for sailing and boating of all kinds. A marina at Engel Park for $981,300, launching ramps at St. Jean and at 24th Street costing $418,000, and anchorage at the civic center for $250,000 will make available additional needed water facilities.

Recreation centers costing $300,000 at Hope Playfield in northwest Detroit and Maheras Playfield on the East Side will give these areas a wonderful facility. Outdoor swimming pools, 75 feet long, with locker rooms, showers, and equipment, at an estimated cost of $250,000 each, are planned in six locations.

Sixteen artificial ice rinks for $125,000 includes the cost of laying the required slab, and machinery. A total of 491,131 persons skated last season at the 9 existing rinks.

Lighted baseball fields at Chandler Park, Northwestern playfield, and Patton Park would boost the evening participation for older teenagers and adults.

Lighted softball diamonds are planned for Chandler Park, Farwell Field, Maheras playfield, two fields at Rouge Park and Woodrow Wilson playfield. Lighted tennis courts at 10 parks and playfields located in different sections of the city are included.

Public service improvements include parking lots at $47,000 for Chandler, Palmer, and Rouge golf courses, plus a water system at the above courses and Redford golf course, at a cost of $220,000. Golf maintenance buildings at Chandler, Palmer Park addition, and Woodrow Wilson playfield are also needed.

The $650,000 for land acquisition represents the estimated cost of the land to be acquired under the current land acquisition program. The following sites are included in this figure: vacant land necessary for the proposed Riverfront Drive; extensions to Eliza Howell Park, Salsinger, Hope, and Mann playfields; and seven neighborhood playground sites. This also includes the cost of paving adjoining department of parks property as proposed by the department of public works.

Cost of properties to be acquired for recreational purposes in the various redevelopment and urban renewal projects is reflected in the housing commission program.

The new 10th precinct station, ready for immediate construction, will replace the oldest active station in Detroit, built in 1925. The present building, at Petosky near Joy Road, was planned for a much smaller complement of personnel than is now required. The building is outmoded, overcrowded, and off the main traffic artery. It is the center of a precinct area with 200,000 citizens, and is manned by 250 police officers and civilians. The new station, at Livernois and Elmhurst, will serve the present personnel and the area population, and meet future needs. The new site is served by two major bus lines, and fronts on a main thoroughfare.

The near-future rehabilitation of police headquarters, 1300 Beaubien, will involve modernization of the electrical system, power, and lighting equipment.

The proposed construction of the fourth precinct station is necessitated by construction of the Fisher Freeway, which will require condemnation of the present station, at Fort Street and Green. The building is 35 years old, and does not meet the needs of the area's present population. Work on selection of a site is now underway, with construction to be completed by 1964, under present planning.

The rehabilitation of five other precinct stations (6, 11, 12, 14, and 15) will modernize procedures, with the main objective being separation of areas used by detained individuals and by citizens on other business.

A new police academy is proposed to replace the present building at 555 Clinton, which is inadequate for present class sizes, and which was recently condemned. The new building, to be located at the southeast corner of Macomb and Beaubien, will be a two story building, including an operators license section, target range, academy administration offices, classrooms and in-service training rooms.

Public buildings

Within this category are general projects which have been classed as essential improvements by the capital improvement committee of the city. It includes building construction, additions, and major modernization of a number of city departments which have capital improvement within their budgets only for the provision of operational and office space, as opposed to general construction of public facilities such as sewers, streets or lighting.

Among projects in this program are the construction of an addition to the Recorders Court Building, and concurrent rehabilitation of the basic structure; a new building to house the complete operation of the city's welfare department, which is now housed at points around the city—many of which are definitely substandard; a seriously needed addition to the city's renowned art institute, to provide gallery space for its large collection, and to assure the attraction of both traveling exhibits and art gifts.

Public transportation

The Highland Park terminal heating plant has required replacement for several years, but inability to provide funds has required numerous costly, uneconomical repairs to extend the present equipment's operative life.

Only the most vital of repairs are possible under existing separate budgeting of department of street railways expenses. The administrative and other office buildings and terminals need painting, plastering and reroofing. Work done now could save greater future costs, and provide strong enhancement of employee morale.

Sanitation

Two new incinerator plants, and addition of a new incinerator for refuse disposal at the St. Jean plant, are needed in order to offset the sharply rising scarcity of dumping areas, and to end practices of open rubbish burning in the interests of air pollution control. A materials storage building is necessary at one incinerator site at present, to shelter materials used in the incinerator operation. A new employees' building, with restrooms, lockers, and cleanup facilities, is necessary to provide the sanitation workmen with suitable conditions. The yard paving projects will replace stone-surfaced vehicle and equipment areas with a more suitable all-weather ground surface.

Sewage treatment facilities

Growth of the Detroit sewage treatment program is a pressing necessity, due to commitments to neighboring communities which have given rise to a metropolitan area disposal system. Plant expansion, both current and long-range, is programed to permit acceptance of greater volumes of sewer wastes, and a more thorough processing to improve the effluent characteristics, reducing possibilities of a water pollution problem.

Sewers

In 1947, a master plan for storm relief sewers was completed, to alleviate widespread and recurrent basement flooding during even moderate rainstorms. Construction began soon after plan completion, and the city has invested, through February 1, 1962, $99,072,513 toward the master plan program.

At present, the estimated additional cost of the master plan program will expend $140 million. From fiscal 1949 to 1957, yearly expenditures annually were about $5 million. From 1958 to 1961, the average yearly amount was about $10 million.

By accelerating the master plan program, Detroit can increase expenditures from an anticipated $10,500,000 to $30,600,000, which is believed to be the maximum which the local market could supply, in necessary equipment and materials.

Each $10 million added to the sewer program would expand local direct labor employment by 1 million man-hours, and involve another 500,000 in direct man-hour employment.

Community benefits are directly felt by 100,000 people for each $10 million invested in Detroit's sewer project, and the environmental health factor for each of our 2 million people is improved.

The Detroit City engineer's staff of designers can absorb a 1-year accelerated program, since sufficient design work has already been completed to fill an expanded schedule.

Water supply system

Construction of water transmission and repumping facilities can begin in the near future and include storage reservoirs, booster stations, mains and other facilities needed to extend the Detroit water system to areas it has contracted to serve. Preliminary design and planning of these projects has been completed and they are scheduled in the capital improvements program for 1962–63 and 1963–64. If additional funds were available, work could be started on the projects and they could be finished within a year of the starting time. Any speed up of these projects would enable Detroit to get greatly needed water into suburban areas more quickly than scheduled under present plans.

Basic design work and acquisition of property is now in progress for the Lake Huron waterplant, which includes an intake structure, shore shafts, a land tunnel, complete filtration and treatment plant, a pumping plant, and transmission lines to Detroit. Construction is currently scheduled to begin in 1964, with completion expected by 1967.

This plant is being built to increase Detroit's water system capacity to meet developing demands, and to give the system increased reliability by providing a second source of supply. For many years, this reliability factor has concerned both Federal and local authorities. Need for this increased reliability exists now, and would be met by acceleration of this project.

Zoo improvements

Improvements and new facilities to enhance the character and beauty, improve the public services and provide new attractions for the Detroit Zoo have been under consideration for some time. Major projects include a new refectory building and public restroom facilities in one heavily patronized area of the

park; a new building for storage of refectory items and facilities for employees; replacement of a wooden refectory structure with a permanent building; completion of an Australian Plain project to exhibit kangaroos and other Australian animals; construction of an exhibit area for fur and elephant seals, which cannot now be accommodated; and a carnivorous animal building for better showing of leopards, panthers, and other animals which cannot be contained by the moat system used by the zoo.

Over the past 10 years, Detroit has made every effort to maintain a high level of capital investment and improvement expenditures. On the following pages are tabulations of expenditures demonstrating how the city of Detroit has budgeted certain departmental expenditures through that period of time.

Capital outlay expenditures, city of Detroit—Total capital outlay general fund

Year ended June 30:	*General fund capital expenditures*	Year ended June 30:	*General fund capital expenditures*
1952	$17, 532, 368	1957	$27, 278, 525
1953	16, 040, 652	1958	26, 018, 437
1954	17, 433, 904	1959	27, 724, 647
1955	21, 634, 555	1960	27, 527, 156
1956	21, 911, 514	1961	20, 295, 369

Capital improvement expenditures

Aviation Commission:	
1952	$13, 754
1953	24, 224
1954	25, 000
1955	42, 149
1956	43, 183
1957	69, 022
1958	15, 699
1959	17, 146
1960	85, 674
1961	279, 328
Fire fighting:	
1952	365, 027
1953	150, 781
1954	1, 103, 594
1955	762, 716
1956	499, 232
1957	198, 537
1958	38, 239
1959	26, 295
1960	13, 532
1961	37, 077
Detroit House of Correction:	
1952	56, 445
1953	285
1954	58, 477
1955	19, 950
1956	13, 012
1957	9, 153
1958	838
1959	—
1960	2, 015
1961	14, 867
Lighting system:	
1952	1, 933, 163
1953	1, 824, 349
1954	1, 860, 182
1955	1, 421, 920
1956	2, 717, 077
1957	6, 596, 521
1958	4, 815, 651
1959	1, 324, 376
1960	6, 479, 183
1961	1, 772, 469
Civil center commission:	
1952	$113, 359
1953	1, 501, 952
1954	3, 166, 596
1955	7, 269, 992
1956	5, 175, 277
1957	7, 184, 479
1958	8, 931, 600
1959	12, 908, 268
1960	15, 378, 190
1961	6, 429, 538
Department of Health:	
1952	1, 894, 775
1953	2, 614, 071
1954	1, 645, 376
1955	784, 706
1956	463, 035
1957	295, 854
1958	142, 470
1959	117, 890
1960	92, 925
1961	112, 929
Highway, street and alley:	
1952	7, 991, 200
1953	5, 908, 595
1954	5, 816, 200
1955	6, 493, 560
1956	6, 773, 960
1957	5, 275, 375
1958	8, 072, 470
1959	7, 303, 030
1960	5, 025, 050
1961	8, 030, 210
Parks and recreation:	
1952	1, 828, 691
1953	1, 120, 588
1954	2, 081, 096
1955	1, 717, 145
1956	1, 758, 406
1957	2, 081, 691
1958	1, 597, 538
1959	788, 873
1960	725, 208
1961	668, 393

Capital improvement expenditures—Continued

Police:	
1952	$207, 778
1953	498, 046
1954	115, 030
1955	446, 779
1956	409, 619
1957	318, 862
1958	9, 708
1959	167, 087
1960	647, 367
1961	659, 978
Public transportation:	
1952	3, 717, 825
1953	283, 685
1954	2, 179, 249
1955	164, 843
1956	3, 332, 896
1957	1, 201, 705
1958	1, 966, 947
1959	31, 025
1960	3, 335, 987
1961	4, 377, 940
Sanitation:	
1952	32, 505
1953	32, 351
1954	141 937
1955	419, 342
1956	200, 594
1957	474, 654
1958	341, 818
1959	320, 357
1960	291, 938
1961	220, 045
Sewers:	
1952	$4, 867, 978
1953	4, 681, 793
1954	5, 548, 899
1955	5, 711, 870
1956	5, 599, 157
1957	6, 727, 531
1958	10, 135, 526
1959	6, 752, 692
1960	7, 221, 292
1961	5, 926, 188
Water system:	
1952	6, 924, 241
1953	11, 748, 875
1954	10, 482, 325
1955	10, 512, 917
1956	9, 168, 138
1957	10, 964, 379
1958	13, 940, 294
1958	16, 937, 959
1960	9, 555, 570
1961	14, 529, 865
Zoo:	
1952	39, 891
1953	42, 072
1954	71, 391
1955	235, 363
1956	79, 724
1957	118, 462
1958	132, 375
1959	101, 909
1960	153, 580
1961	91, 517

Detroit contributions—Public Housing and Urban Renewal

Public housing projects: year ending June 30:

	Capital funds
1952	$9, 019, 379. 55
1953	6, 909, 989. 61
1954	14, 758, 971. 70
1955	7, 255, 151. 49
1956	1, 563, 947. 77
1957	747, 155. 46
1958	846, 634. 49
1959	359, 535. 65
1960	468, 418. 44
1961	261, 651. 00
Total	42, 190, 845. 16

Urban renewal, year ending June 30:

	Capital funds
1952	$1, 753, 701. 34
1953	395, 908. 77
1954	282, 264, 54
1955	154, 858. 46
1956	562, 000. 28
1957	282, 098. 37
1958	425, 036. 48
1959	5, 736, 951. 48
1960	5, 568, 562. 52
1961	10, 988, 663. 79
Total	26, 150, 046. 03

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Detroit—Capital improvement program, streets

[10-year summary]

	Total expenditures—capital improvement projects	Number of miles—streets resurfaced	Number of miles—new streets paved	Number of intersection improvements for traffic control	Number of bridges repaired	For 32-week construction season, number of men employed
1952	$7,991,200	68	40			
1953	5,908,595	75	23			
1954	5,816,200	83	16			
1955	6,493,560	54	17	10	1	
1956	6,773,960	77	12	11	2	
1957	5,275,375	101	11	16	2	
1958	8,072,470	99	21	16	2	
1959	7,303,030	109	8	7	7	
1960	5,025,050	85	7	4	3	
1961	8,030,210	150	8	7	6	
Proposed, 1962	8,000,000	100	8	7	4	937.
Accelerated program, H.R. 10318.	32,000,000	400	32	28	16	3,750 (2,812 additional).

Direct labor computed at 50 percent of total project cost. Indirect labor computed at 25 percent of total project cost. Allowance for labor—$5 per hour; 40-hour week considered; 32-week season is normal construction season in this area. The city normally does approximately $8,000,000 of capital improvement on streets per season. Projects which could be started within 90 days and within 180 days total $24,000,000. This $24,000,000 is added to the amount normally done by the city, producing an accelerated program totaling $32,000,000. All of this work could be completed within 1 construction season.

Mr. FALLON. Are there any questions on my right?

Mr. Scherer?

Mr. SCHERER. Mayor, you apparently have made a very exhaustive study of the situation in Detroit, including your unemployment problem.

In making your studies, have you ever determined in Detroit how much Detroit industry has invested in new plants abroad in the last few years?

Mayor CAVANAGH. No, I do not have that information, Mr. Scherer.

Mr. SCHERER. It has been considerable, has it not?

Mayor CAVANAGH. I think throughout the country there has been some considerable investment in foreign enterprise. Probably more than some local communities would desire. But we are constantly within our community making serious attempts on a municipal government level to stimulate expansion in our own community, and I am sure that other communities are doing the same.

Mr. SCHERER. Has not Detroit had its industries, particularly the automobile industry, invest a little more than the average community in the United States in new plants abroad?

Mayor CAVANAGH. I think there has been considerable decentralization from Detroit into other parts of the country. I would say there has probably been a greater investment in new industrial facility within the country than there has been outside of the country, moving into areas such as Ohio, and areas like that.

Mr. SCHERER. I understand that is true, but do you know the cause for that? Do you know why they have decentralized?

Mayor CAVANAGH. Well, of course, there are various causes assigned. You can get many reasons why there has been decentralization from just about everyone to whom you speak, including various conflicting opinions from men in the automotive field. There was an industrial trend in both the automotive and other major industries to decentralize

because I assume they felt it was a cheaper and more economical way to produce their product.

Mr. SCHERER. Has Detroit taken any steps to prevent that decentralization?

Mayor CAVANAGH. Yes. We have, locally. We have attempted to stimulate an industrial development corporation within our community which, incidentally, the business community in the city of Detroit is strongly endorsing the concept of. There have been many citizens' committees formed even by gentlemen in the automotive industry to stem this tide of movement. Further I might say this, Congressman Scherer: Some gentlemen in the automotive industry now feel it would probably be more economical had they not decentralized, and had they stayed in the city of Detroit, for example.

Mr. SCHERER. Your studies do not disclose how much has been invested by these companies in plants in Europe and abroad, do they?

Mayor CAVANAGH. No, I do not have that information, but I am sure it is available.

Mr. SCHERER. It is available?

Mayor CAVANAGH. Yes.

Mr. SCHERER. When we do that, we export jobs, don't we, by the thousands?

Mayor CAVANAGH. Well, I was going to say you might call it exporting jobs. If this was an expansion program in effect you are not adding a greater number of jobs to your local industrial capacity, but adding them elsewhere in whatever market you have built your new industrial facility.

Mr. SCHERER. Suppose one of your Detroit concerns spends $10 million in the establishment of a plant in England, rather than in normal plant expansion in the city of Detroit. That adversely affects your employment situation in Detroit, does it not?

Mayor CAVANAGH. Yes. Obviously, if they were to build within our city those jobs would be available. I might emphasize this, and it is a private conviction because, as I say, I do not have any statistics to back me up, but much of the expansion, particularly by the automotive industry, in countries other than the United States, has been done to meet the demands of a foreign market.

Mr. SCHERER. Competition.

Mayor CAVANAGH. Yes.

Mr. SCHERER. They can no longer compete because of high labor costs, and high taxes, compared to those same costs in other countries. That is the reason why instead of spending the money in normal plant expansion in the Detroit area they invest millions of dollars abroad, so that they can capture or recapture some of their foreign markets. Is that not correct?

Mayor CAVANAGH. Yes. Of course, they have had industrial facilities for years, but they have expanded them since the wartime. There is no question about that. But they have spent, I hate to guess, astronomical amounts of money in plant expansion and in the construction of new industrial facilities all over the country, including States in the Midwest, and East, and Southern parts of the country.

Mr. SCHERER. I am not saying this is happening in Detroit alone, because I represent a city that has many machine tool industries, and these industries are constantly building plants abroad to do the very

same thing that you just said, namely, to meet foreign competition. They have lost out because of high taxes and high labor costs in this market. They have lost their European markets and are now trying to recapture them by investing abroad.

We all know if that money were spent in plant expansion here, it would provide many, many times the jobs that any public works program by the Federal Government would provide.

Mayor CAVANAGH. I might say this too, Congressman Scherer: I was looking at some figures coming down here on the plane and one thing which has certainly contributed to the high and sharp rise in unemployment in the city of Detroit and other areas, I am sure, is the impact of automation on industrial facilities within our community.

The Chrysler Corp., for example, which has about relatively the same level of production today as it had maybe 6 or 7 years ago, employs some 25,000 fewer people to turn out that same amount of production, which could be attributed almost directly to automation, I might say.

Mr. SCHERER. Automation, I understand, is certainly part of the problem, but don't you find, and haven't you found from your studies, that these plants that have been built by American industry and American business abroad are not only recapturing their European and foreign markets, but are now shipping some of the products they make in their plants abroad back to the United States to compete with what is still made here in this country? That is happening too, is it not?

Mayor CAVANAGH. Yes, sir.

Mr. SCHERER. And at a greater rate every day. That does not help the unemployment situation in the United States, does it?

Mayor CAVANAGH. No. And I might mention this too, Congressman Scherer: That since I have been in office, at least to the extent of our ability on the municipal level, we have attempted to have a realistic reappraisal of our taxing policies relative to business and industry. There is a strong movement within the State by all segments of the community for almost complete fiscal reform as it relates to some taxes, and many types of taxes which are considered oppressive as far as business is concerned. This is a bipartisan situation in which leaders of both political parties, the labor community, the business and industry community, have formulated several programs that are possibly going to be adopted this year which would not be completely, but which would substantially assist the business community from the tax standpoint.

So there is a continuing effort, at least on the part of the local officials within our community, who recognize the fact that tax situations, or tax programs, have to be developed which will encourage industrial stimulation.

Mr. SCHERER. What I am trying to do is to put my finger on the disease that must be cured. One of the major causes for unemployment is the flight of jobs to foreign countries through this tremendous investment by American industry abroad. I am not criticizing American industry. They have lost their foreign markets, and in order to recapture them and, in order, as you said, to compete, and in order to avoid high labor costs and high taxes in the United States so that they can compete, they have spent millions and millions of dollars abroad which should be spent in normal plant expansion here. That is all I have.

Mr. FALLON. Mr. Cramer.

Mr. CRAMER. I have attempted to bring out in the past that this proposed legislation would permit the expenditures of Federal grant moneys in the area of local public works, where Federal money has never before been made available, and therefore smacks somewhat of a WPA-type approach, that is, going into new areas of public works where there is no established program for public works. That is pretty well documented and corroborated by your own statement of public works projects that you have under consideration on page 8, for instance, under "Parks and Recreation."

You suggest "Outdoor swimming pools, 75 feet long, with locker rooms, showers and equipment, at an estimated cost of $250,000 each are planned in six locations." That makes $1½ million.

Then you have 16 artificial ice rinks for $125,000.

Mayor CAVANAGH. Excuse me, Congressman. Let me find that. What page?

Mr. CRAMER. Page 8. In the Detroit narrative.

Then you say:

> Public service improvements include parking lots at $47,000 for Chandler, Palmer and Rouge golf courses, plus a water system at the above courses, and Redford golf course, at a cost of $220,000. Golf maintenance buildings at Chandler, Palmer Park addition, and Woodrow Wilson playfield are also needed.

You do not give any price tags with that.

On page 7 is a marina at Engel Park for $981,300. Then back on page 5, the detail of public works projects, we see under the "Zoo" an Australian plain exhibit, apparently, of $220,000; a fur and elephant seal exhibit in the amount of $105,000; a carniverous animal building in the amount of $264,000.

Of course, this leads to the question certainly in my mind, Do you think that this is a proper area for Federal grant moneys under a broad authorization for the President to put money into any such type of program anywhere in the country, in areas that we have never gone into before, through the medium of Federal grants? Don't you think there is some limit to what the Federal taxpayer can afford to pay for these things? Don't you think there is some limitation as to where the money should be spent coming from Federal funds?

Mayor CAVANAGH. Congressman Cramer, let me say this: Our Detroit taxpayers, for example, and taxpayers within every other section of the country, have been paying locally for these things which they consider to be their unmet needs.

Mr. CRAMER. But they are not high-priority needs, are they?

Mayor CAVANAGH. In my judgment, yes. Parks and recreation are as important to any community as practically any other area of governmental services.

Mr. CRAMER. Golf courses are as important——

Mayor CAVANAGH. Yes, for a senior——

Mr. CRAMER. As hospitals, for instance?

Mayor CAVANAGH. For our senior citizens.

Mr. CRAMER. Golf courses are as important as hospitals to senior citizens?

Mayor CAVANAGH. Well, obviously hospitals would probably have a greater priority, but I do believe that parks and recreational developments, Mr. Cramer, have equal importance to the citizens of any

community. People that are landlocked and have no area in which to play or raise children.

Mr. CRAMER. You mean a swimming pool is as important as a water pollution control plant, where they can get maybe clean drinking water?

Mayor CAVANAGH. I think there are obviously some other areas of governmental service you might look to first, and this is what we have been doing. This is why numerous parks and recreation programs have been deferred over a period of years, but we try to balance our capital improvements program so we will allocate certain funds into the parks and recreational capital works program each year similar to other areas of government.

Mr. CRAMER. Do you think artificial ice rinks are as important as street improvement, sewage, lateral lines, and health improvement?

Mayor CAVANAGH. I would say artificial ice rinks are probably more important to the children in the community than even street resurfacing.

Mr. CRAMER. Do you mean you would build an ice rink if you had the choice, before you would build a street?

Mayor CAVANAGH. No, I think we would determine which exhibited the first priority, and if it was street resurfacing that is what I would proceed on.

Incidentally, I might say most of our capital improvements program right now is tied up in street resurfacing. We have a substantial amount of money allocated in each year's budget for this purpose, but it does not mean these other needs do not exist, and if we had the ability we would be willing to go into these areas.

Mr. CRAMER. The obvious point is, these matters are not as of as high a priority as other important needed public facilities which you have to have in order to be able to live, such as fire and police protection, city hall facilities, streets, a water system, and so forth. It is obvious that they have higher priority, and it appears to me from your suggested list, and it appears from the testimony of other persons, that some people seem to think this proposal is a big, fat grab bag, where there is going to be unlimited Federal matching grant moneys for all types of local public works projects; and believe you me, if we get into it on that basis—and that is one of the reasons why I object to this form of this proposal—we will never get out of it, and the Federal cost will be unlimited, as evidenced by your own statement that in your own community, listing only those projects that can be accelerated and come within the 1-year period of these bills, there is $118 million of projects. There are $70 million in the school system. And these are accelerated programs.

In addition to that, under the long-range program basis, as it appears in your own summary, there are $728 million worth of projects.

Mayor CAVANAGH. Yes.

Mr. CRAMER. Other municipal leaders have come in and told us quite frankly, "We want Federal grant money for these projects." Is that your position? This is just a foot in the door, isn't it?

Mayor CAVANAGH. My position is, Congressman Cramer—and I have detailed it—is that we have many hospital programs, and police programs, and fire programs. I have also detailed other areas of need within our community, and they do include some park and recrea-

tional facilities. My position is that I would endorse this proposal as being a stimulant to relieve the very serious human problem of men and women walking the streets of our community without jobs; people who do not want to live on welfare, and prefer not to, but who have no other means to support themselves and their families.

Mr. CRAMER. Let me ask you this then: Do you support this, as does the American Municipal Association, as a permanent program for public works grants? They want Federal grant money. All of them testified that they want to get the Federal Government into the grant program. We already have a loan program under the community facilities program, and there is a half a billion dollars that is not spent there yet. What you want is, like the other mayors, grant money.

Mayor CAVANAGH. As I detailed in my proposal, or presentation, under the very serious fiscal situation in our community it would be extremely difficult for us to participate in this program unless there were some grant money, at least for the first year.

Mr. CRAMER. We have a very serious financial problem, too, on the Federal level.

Mayor CAVANAGH. I recognize that.

Mr. CRAMER. With a $300 billion deficit, and with $8 billion more authorized by the President, to make an additional deficit of $308 billion of authorized debt limit, we have serious problems, too, in financing it. It appears next year that the Federal deficit is approaching the $9 billion figure, according to figures submitted just the other day to the Senate Finance Committee.

The deficit spending last year, the first year, was $4 billion. This year we don't know what it will be, but obviously it will be substantial. So the Federal Government has deficit financing problems too, and it affects every person employed in your community through higher living costs and inflation, let alone higher taxes.

Mayor CAVANAGH. I recognize the fact that the Federal Government certainly has financial problems. Unfortunately, we within our own community do not have the taxing ability materially to assist ourselves when we finance practically our entire municipal government on a property tax, and the other tax fields have been preempted either by the State or the Federal Government.

Mr. CRAMER. You indicated you are going into income tax, did you not?

Mayor CAVANAGH. That is correct. And the purpose behind that is to afford some relief to the entire community from what I consider rather an oppressive burden on property taxes.

Mr. CRAMER. Do you have sales taxes?

Mayor CAVANAGH. We do not have sales taxes locally.

Mr. CRAMER. That is a source of funds that the Federal Government does not have.

Mayor CAVANAGH. That is preempted by our State through our constitution. Practically every major nuisance tax most communities have has been preempted by the State government within the State of Michigan.

So we have a situation in which our welfare costs are spiraling and rising because of high rates of unemployment, and it is costing the city of Detroit each year more money to maintain a substantial welfare program. Therefore, I feel a program such as this proposed

public works program would be a stimulant to relieving the economic distress within our community.

Certainly, in answer to your question, if full employment were realized and the economy straightened itself out within this community and within the country, then there might not be any need for consideration by the Congress of such programs as this.

I am not maintaining we should have these Federal handouts over extended periods of time. As I look at this, it is a temporary measure designed to relieve our capacity to deal very temporarily with a serious situation.

Mr. SCHERER. Will you yield?

Mr. CRAMER. Yes.

Mr. SCHERER. I sympathize with the mayor. The reason local communities do not have sufficient funds to take care of local needs is because the Federal Government has been siphoning off so much of the tax dollar?

Mayor CAVANAGH. Well, I do not think we would blame completely the Federal Government. The State governments, of course, are siphoning off the ability of the communities to assist themselves.

Mr. SCHERER. The State government takes relatively little. Do you know what goes out to the Federal Government from Detroit by way of personal and corporate income taxes?

Mayor CAVANAGH. I think it is about $6 billion.

Mr. SCHERER. It is a little more than that from Detroit, is it not?

Mayor CAVANAGH. As I understand it, it is $6 billion plus something. I think it is the second biggest Internal Revenue collection district in the country.

Mr. SCHERER. About $6 billion a year.

Mayor CAVANAGH. I am not exactly sure of the figure.

Mr. SCHERER. And what is your operating budget in Detroit, Mayor?

Mayor CAVANAGH. $280 million a year. That is out of the general tax fund.

Mr. SCHERER. So the Federal Government is siphoning off quite a few tax dollars from the Detroit area, is it not?

Mayor CAVANAGH. Yes, it is.

Mr. SCHERER. And it is quite a sum compared to what you spend on local government, isn't it? The difference between $280 million and $6 billion.

Aren't we, by this deficit spending that Mr. Cramer talked about, just going to siphon off more dollars from the Detroit area, rather than less, and let you have less dollars in the Detroit area to do the things you are now doing yourself?

Mayor CAVANAGH. As I look at this program, it is designed to cure, or attempt to cure, a temporary emergency situation.

Mr. SCHERER. What I say, isn't that true irrespective of what we are trying to attempt to cure? We are trying to put a mustard plaster on the unemployment problem which is created partially by what I said just a few minutes ago; namely, the exportation of American jobs abroad, because of inflation in this country which is caused by high wages, high profits, and deficit spending?

Mr. CRAMER. The gentleman put his finger on it. We are trying to use a mustard plaster to cure somebody who has a malignant and almost incurable cancer.

Mayor CAVANAGH. I would hate to think it was an incurable cancer and I would not want to hold that thought of no hope out to the 130,000 people walking the streets of Detroit looking for employment—fathers and mothers of large families in our area.

Mr. CRAMER. But I wouldn't try to treat it either with mustard plaster instead of using other available radiation and other meaningful treatment processes, such as tax reductions, which would help to stimulate industry, and such as doing something about automation in the form of retraining. We passed a $400 million bill just this year to get into the field of job retraining to try to give some practical help. Congress has not been oblivious of this problem. The impression you gave me in your testimony is that Congress was oblivious.

Mayor CAVANAGH. I realize that.

Mr. CRAMER. Last year the Government spent $3 billion in the field of unemployment relief. The year before Congress made available $4 billion to help accelerate old programs and to begin new programs. It is all in the record. It is in the President's own Bureau of the Budget report. So Congress has not been oblivious to this problem by any means.

Mayor CAVANAGH. I didn't suggest that Congress had. As a matter of fact, I think in the second or third page of my testimony I mentioned numerous programs which have been undertaken by the Congress which in concert with this program and others that are contemplated might make some material dent in the unemployment problem. I do not propose to suggest and do not want to leave the impression it would only be action on the part of the Congress which could completely cure this unemployment situation. It has to be stimulated by private industry, and there has to be activity in practically every level of government, and in the business and labor community as well. It is a combination of activity which will eventually solve this problem.

Mr. CRAMER. I have just one other question. I see on page 1 of your statement you suggest that the acceleration of this federally aided capital works program and the substantial support called for in these bills for local public works programs are needed. Then we go over to page 6 of your statement and you say your city engineer informs you that if $24 million is made available it would result in 2,813 people going to work for a little more than a half a year.

Also, at the bottom of page 3 you say:

> We want to put men to work right now, some within 30 days and others within the next few months.

I call your attention to the fact that out of this bill, the $600 million bill, there is nothing to permit you to put anybody to work within 30 days, of any substantial nature, in this legislation. This fiscal year the most that the whole State of Michigan would get under the formula of 12½ percent maximum to a given State, and there is no assurance you will get the maximum, would be about $2.3 million.

Mayor CAVANAGH. Of the $25 million.

Mr. CRAMER. That is one-tenth of what you say would be needed to put 2,813 people to work for a half year.

Now, that is just peanuts compared to what you say your unemployment is, of about 130,000.

So the point I am making is this: You suggest that this is the answer. It shows how impractical the approach is of curing unemployment by using the tax dollar from the Federal Government. If we tried to employ the 4½ million unemployed today, it would cost $18 billion a year if we do it through the public works processes. And this bill does not offer you the remedy you would suggest in your presentation. Next year, if the total of $350 million were made available, it would make available to Michigan approximately $40 million. Let's say half of it went to Detroit. You still could not put those 2,800 people to work in this one area of public works, and yet you come in here and talk about swimming pools, and golf courses, and zoos, as suggested areas of expenditure covering the whole broad gamut of municipal expenditures, and I am sure that the people back home are going to infer from this statement that there is going to be Federal money available for everything on this list.

Mayor CAVANAGH. I do not know what the people back home are going to infer, but even if several hundred people were put to work immediately, in my judgment it would be a tremendous thing particularly for those people. Admittedly, as I say in my testimony, the bills as designed are rather conservative as far as materially assisting our huge unemployment rolls is concerned within our community. But I do believe it is a step in the right direction and it would be substantially, over a period of time, of material assistance.

Mr. CRAMER. The only point I make is that this approach to this legislation, and this statement and the statements being made by others on the national level with regard to this make-work, antirecession, public-works, pump-priming program, in my opinion is gravely misleading to the unemployed in thinking that this is the answer to their problem when, as a matter of fact, every demonstration shown by practically every community that has been before us, is that this is less than a minimal program. It is a peanuts program. It is a return to the WPA type of program, and that is why many of us are concerned about it.

That is all, Mr. Chairman.

Mr. FALLON. Are there any other questions on my left?

Mr. HARSHA. Mr. Chairman.

Mr. FALLON. Mr. Harsha.

Mr. HARSHA. Mr. Mayor, I think if I am correct, the President admitted only $25 million could be spent between now and June 30, assuming Congress acted immediately on this spending program. I think it is rather obvious that Congress is not going to act immediately, as we understand the condition. Also I see on page 3 in your statement that in large measure the ability of municipalities to participate in the proposed accelerated public works program has practical limitations, that is, once a budget is closed, it is extremely difficult to reopen it, even though it may mean substantial aid will thus be available to the community.

Under those circumstances, and under the obvious fact that Congress will not act as immediately as everyone would like to have it do so, then how can you effect immediate relief? How can you effect immediate employment for these people?

Mayor CAVANAGH. Congressman, if the Congress in its wisdom did not see fit immediately to act, as has been suggested by the President,

then obviously the city of Detroit would not be able to avail itself of any participation in this type of program. It would be possibly next spring before we were in a position to do that.

Mr. HARSHA. But even assuming we do enact this program in its present form, under the circumstances how can you immediately put people into employment?

Mayor CAVANAGH. If it were done prior to the 1st of July, which is the beginning of our fiscal year, it could be done easily by our community.

Mr. HARSHA. How quick after the 1st of July?

Mayor CAVANAGH. Within 30 days it could be done, because our budget starts on the 1st of July, and if the authorization were there the mayor could recommend to the council, and the council could act upon this recommendation.

Mr. HARSHA. Then assuming everything does go along as promptly as we would hope it would, it would be approximately the 1st of August before you could have anybody employed?

Mayor CAVANAGH. That is correct.

Mr. HARSHA. As a matter of fact, Mr. Mayor, these funds, and these projects you speak in favor of to relieve unemployment, aren't the answer to the long-range problem, or the solution of this problem of unemployment. This is only a temporary measure. What is going to happen to these people after you complete the public works program? They are still going to be unemployed, aren't they?

Mayor CAVANAGH. Well, the economy in theory would be stimulated to a sufficient degree, and shored up to such a considerable degree that many of these people would then be permanently employed because of the very stimulated nature of the economy. As more jobs are created, there is more purchasing power. I do not pose as an economist, but just based on a layman's judgment in the field of economics, any job stimulation is bound to primarily help the economy.

Mr. SCHERER. Will you yield for a moment, Bill?

Mr. HARSHA. Yes.

Mr. SCHERER. A permanent solution will not come about in the State of Michigan or the city of Detroit until you prevent or stop the decentralization of business as you have described it to us, until the flight of business from the city of Detroit to other States, and to Europe or other countries is stopped. That is the permanent solution.

Mayor CAVANAGH. Yes, Congressman. And to that end, as I indicated, local and State officials are in the process of developing programs which would assist in the stopping of this exodus.

Mr. SCHERER. I won't go into details, but there have been some labor policies, some taxing policies, and political policies in the State of Michigan that has caused this decentralization, in my opinion. Those are the things that have to be changed. Certainly they are not your fault, Mr. Mayor. You inherited them in the city of Detroit.

Mr. CRAMER. Will the gentleman yield?

Mr. SCHERER. Yes.

Mr. CRAMER. You said you are not an economist, but some economists testified here. Obviously, in a public-works, pump-priming type of effort to do something about unemployment, you do run the risk of this, which creates a great problem. With industry tooling up to take advantage of the additional public works grants, you find then

they are cut off suddenly at some given time. So you do have serious problems. There are amounts of money that could be made available which would do more good than here in the long run. If what is needed is help right now, don't you think a lot more help could come about if the President would reverse his own policies which he announced to his Department heads, according to his own statement, that they were to cut back and economize wherever they could, because they anticipated a much higher deficit than expected this fiscal year, and if he were to release and try to put to work that half a billion dollars now available in a long-range 40-year loan program for any type of higher priority public works on the local level on a 40-year loan basis? Half a billion dollars there could be put to work immediately and $300 million additional is being held back, and I imagine there are hundreds of applications by veterans in the Detroit area, wanting to build homes under the direct loan program.

If that $300 million were made available it is more money than would be available under this bill for months, to permit people to build homes, and that is one of the industries that both directly and in after-effects results in the greatest increase in employment. That money has been impounded by the President. It is $300 million. It could be made available in an effective program under the Area Redevelopment Act, which has $89 million unspent. Only $1 million has been obligated of the $90 million that Congress made available.

There are other weapons that the President could us if he saw fit to accelerate even in the area of public works that would be more effective, more substantial, and more immediate even in your area.

Mayor CAVANAGH. I think, as I mentioned, there have to be used numerous tools, and all of the tools have to be utilized to combat this very serious economic problem. I don't think that any simple one thing will completely cure the situation, but it is a combination of things, and a concerted effort on the part of the tools which the Federal Government and the local and State governments have, as well as private industry, to begin to stem this tide by reversing the picture, particularly as it applies to a depressed area like the city of Detroit.

Mr. CRAMER. I imagine you are about as confused as I am when the President sends a message asking the Congress for more public works when his own administration issues orders which result in a cutback in the very area of construction that would help the most.

Mr. SCHERER. It demonstrates the serious financial situation we are in. The President would never impound this $300 million unless——

Mr. FALLON. May we have regular order?

Mr. CRAMER. I yield to the gentleman.

Mr. SCHERER. Let me finish the sentence anyhow.

Mr. FALLON. It is up to the gentleman down there whether you can finish the sentence.

Mr. HARSHA. I yielded.

Mr. Mayor, you say on page 5 one of your problems has been with your tax base. You are not able to go ahead with many of these programs because the tax base has declined dramatically due to some of the public works programs you have under construction now. Now, wouldn't your tax structure further decline if more public works projects were put into construction?

Mayor CAVANAGH. What I was talking about in having our tax base shrink was because of the construction of such improvements like expressways, and urban renewal, and things of that type; and the decentralization of industry, which I mentioned, as well as vast unemployment within our community which caused our tax base to shrink. These public improvements I am suggesting in my appendix to this testimony are things which will not affect our tax base dramatically because they would be improvements on nontaxable property. For example, city-owned facilities.

Mr. HARSHA. You don't expect any expansion in areas of privately owned property?

Mayor CAVANAGH. No. As a matter of fact, I have stayed away from this completely in my documentation.

Mr. HARSHA. I notice you also say that your residents have voted their approval of bonds for water expansion, sewers, sewage disposal, and so forth. Are these projects now under construction?

Mayor CAVANAGH. Some of them, yes. Voter approval and actual authorization, of course, Congressman, as you would know, are different.

Mr. HARSHA. I know, but the voter approval gives you the money, does it not?

Mayor CAVANAGH. Yes. The voter approval gives us the authority to proceed on these programs.

Mr. HARSHA. So then you could on your own initiative probably speed up these programs that your people have already authorized, so to speak.

Mayor CAVANAGH. Over a period of years we could, but right now we are limited because of our limited financial resources in pursuing these programs, because of the debt service involved, for example, on the bonds alone.

Mr. HARSHA. But the bonds have been approved, haven't they, and authorized?

Mayor CAVANAGH. No, they are approved, but not authorized as yet. They are authorized by the electorate, but they have not been authorized by the legislative body.

Mr. HARSHA. But wouldn't that be a quicker way to get at some of these public works projects than to wait for Congress to enact legislation and go through all of the procedures we have to go through, and then your budget process?

Mayor CAVANAGH. We are doing this very thing right now, but it is projected over a long period of years because there is only so much we can assume in any given year of this bonded indebtedness.

Mr. HARSHA. That is all, Mr. Chairman.

Mr. COOK. Will the gentleman yield?

Mr. FALLON. Mr. Cook.

Mr. COOK. I would like to commend the mayor of Detroit, Mr. Chairman, for what I consider to be a very fine presentation here today. I also wanted to commend him for coming up before the Congress and testifying in behalf of legislation which would help the many unemployed in his area. Personally I do not think that the Congress is doing enough in this field. In my own district in Ohio we have many thousands of unemployed yet, and I think that the Congress should step up its efforts in recognizing what I consider to

be the No. 1 domestic problem. I think the mayor is to be congratulated for coming here today and testifying in behalf of a bill which is not meant to be a cure-all, as I understand the mayor's testimony, but primarily it is one of a series of efforts to correct this very bad problem in the Detroit area, especially, along with many other areas throughout the country. I think that the mayor speaks very finely today in behalf of those who are not a large number alone, but many of them have been out of work, as I understand it, for a very long time.

This places not only a great burden on the taxpayers both of the city of Detroit and the State of Michigan, but also the Federal Government. It creates a bad situation from the point of view of the individual's attitude toward the Government and toward society in general. I commend the mayor for his statement and state here that I think it should be understood he is only advocating these particular bills as part of the approach along with other approaches to try to solve this problem in Detroit, and this is one of them.

Mr. DOOLEY. Will the gentleman yield?

Mr. COOK. Yes.

Mr. DOOLEY. Mayor Cavanagh, I would like to commend and compliment you on your statement. I think it was a very fine one.

I did not hear it all, but I read most of it, and I wish to sympathize with you, as a mayor of the great city of Detroit, in your problems out there, as they are intensified there more than in any other city that I know of.

I wanted to ask you a question entirely unrelated to this testimony.

What effect do you think the St. Lawrence Seaway has had on Detroit?

Mayor CAVANAGH. Well, I think the St. Lawrence Seaway has had a very material beneficial effect, maybe not as great as expected, but I think possibly one of the reasons for that is that there has not been sufficient local activity in this area, as one of the reasons and another reason is because of some very obvious practical financial limitations in many areas in Michigan of participating and fully utilizing the advantages of the St. Lawrence Seaway.

Mr. DOOLEY. Thank you very much.

Mr. FALLON. Mr. McFall.

Mr. MCFALL. Mr. Mayor, I would like also to commend you for your fine statement and your efforts to assist your city in its severe problem.

I would like to say to you that the problem which has been mentioned for GI loans is available in rural areas only, and it will not be necessary for you to run down to the Veterans' Administration and try to get the veterans loans for your housing in Detroit.

I would like to ask you this question: Based upon a phrase that you used in your statement, on page 7, you referred to a "multiplier effect", if you remember that phrase.

Mayor CAVANAGH. Yes.

Mr. MCFALL. If this legislation were on that basis, used as a basis for a multiplier effect, and the projects authorized would be supplementary to the depressed areas legislation, what comment would you have concerning the type of projects that could best serve this multiplier effect in your city?

I will restate that.

What projects would have the best multiplier effect in producing a climate, and better facilities, for, in turn, the production of private enterprise and jobs?

Mayor CAVANAGH. Well, Congressman, the one that springs most quickly to mind would be an expanded public works program within the area of highway and street construction, as well as public lighting improvements and extensions, because these most directly would relate to private industry within a major city, because much of that work, of course, would be done by private industry and, in turn, would stimulate suppliers and the construction industry which has been, of course, adversely affected in many parts of the country but particularly within our own community.

Mr. MCFALL. What about water sewage?

What about water sewage in your city? Would that type of project——

Mayor CAVANAGH. Yes.

Mr. MCFALL (continuing). Make it easier for Detroit to get private enterprise jobs and to get your businesses going more quickly?

Mayor CAVANAGH. There is no question about that in my mind.

That would be a very vital and significant area to stimulate private industrial expansion because of improved water and sewage facilities, and this would hold top rank priority in this area as well.

Mr. SCHERER. Do you think that would prevent these firms from decentralizing and moving out of Michigan and out of Detroit?

Mayor CAVANAGH. I do believe that it would have a very substantial effect upon their judgment in whether they moved or not.

This is based upon surveys done by the business communities in Michigan.

They list this, and also in other parts of the country, water is one of the major problems in industrial expansion.

Mr. SCHERER. Are you telling us, Mayor, that the lack of sewage facilities and water in the city of Detroit has been one of the causes or even a substantial cause of this great exodus of industry from Michigan which you have just described?

Mayor CAVANAGH. Well, of course, I would naturally not say so within the city of Detroit because the access which we have to water, but certainly in parts of the State of Michigan it has been one of the causes.

I mentioned some others earlier which I feel contributed to this, plus the historical pattern which they are having some substantial second thoughts about on an economic basis within our community.

The large automotive communities, and Chrysler Corp., one, has some serious questions about this vast decentralization.

Mr. MCFALL. Mr. Mayor, I will not have any questions along that line because GM bought some land in my district and might be building a plant in my district. So this is not a problem for me.

I have only one further question. You mentioned the St. Lawrence Seaway.

Are there any projects which might be included in the legislation that we are considering here that might be of assistance in rebuilding your city, to assist your better use of the St. Lawrence Seaway?

Mayor CAVANAGH. Well, some work is being done on the proposed Rouge River which runs right into Lake Erie at the mouth of the Detroit River, upon which the Ford Motor Co. and much of our industry capacity is located, and this has been a continuing problem for a number of years.

Mr. MCFALL. This is a river and harbors project?

Mayor CAVANAGH. Yes.

Mr. MCFALL. Has this been authorized?

Mayor CAVANAGH. It is presently pending, as I understand it.

Mr. MCFALL. It is presently pending?

Mayor CAVANAGH. Yes.

Mr. MCFALL. Thank you. I yield.

Mr. FALLON. Are there any other questions?

Mr. BLATNIK. I just want to say that I commend the mayor, too.

I know the problem in Detroit very well. I have many friends there and many relatives there.

The argument is raised over and over again, Mayor, that we cannot afford this. My contention is that we cannot afford not to extend it in large part or we will continue to expend these enormous amounts for unemployment compensation—I think over $4 billion was spent during the 1960–61 fiscal year.

Your local relief costs have gone up almost fivefold or 4.5-fold, from $7.4 to $32 million.

In St. Louis County alone in 1960–61 we spent $12 million for relief because of unemployment in communities. This is a serious plight. These people are in acute distress.

No. 1, we say a good deal of this money, or let's say some of the money, to be cautious, can be used to put people to work. We have first economic benefits, and am I not correct that when a dollar is earned by a worker it does not stop there?

It revolves to three or four other persons, the grocer, the butcher, the tailor, the doctor, the gas station attendant, and all of the businesses within the area benefited by that flow and recirculation of the dollar.

In putting them to work, in building facilities, you also create better physical plant. It provides a useful service and function and upgrades and brightens the municipality, insuring benefits for years to come.

Parallel with this is the psychological uplift which results. When you have a pattern of gloom, of economic relief and unemployment compensation, activity evidencing concern gives a lift to the community psychologically.

We have lost over $170 billion in the past 11 years because of four recessions since 1949.

Through our productive capability that the knowledge and the skills of our workers, and our democratic form of government we can jointly, if we wish, come to grips with this problem.

Mayor CAVANAGH. I agree.

Mr. BLATNIK. And no one has ever maintained that public works alone is the answer for these recessions.

We are going to have dips. If defense spending were cut by 25 percent, if we cut agricultural spending for price supports, and cut back on your social security payments, and unemployment compensation,

the whole country would be in a serious recession—not just these hard core areas that have been bypassed by the general upswing in the economy which is somewhat uncertain and not as sound and healthy as we would like it to be.

I hope the upswing gains momentum. But you also have other problems. In your case automation would be one. In northern Michigan you have the problem of trying to encourage new technology to concentrate the ores, and work is being done in this problem.

So this is not the whole answer, of course, but it will certainly help if it puts a few thousand men to work.

At least, we will have tried everything we possibly can to do something about this problem.

Mr. FALLON. Mr. Mayor, on behalf of the committee, we thank you again for your very fine statement and the way that you have handled the questions from the members.

Mayor CAVANAGH. Thank you, Mr. Chairman and gentlemen of the committee. Thank you for your attention.

Mr. FALLON. Our next witness is Mr. Angus McDonald. Mr. McDonald?

STATEMENT OF ANGUS McDONALD, ASSISTANT DIRECTOR OF LEGISLATIVE SERVICES OF THE NATIONAL FARMERS UNION

Mr. FALLON. Mr. McDonald, will you give your full name and occupation to the reporter, please?

Mr. McDONALD. Yes, sir.

Mr. Chairman, my name is Angus McDonald. I am assistant director of legislative services of the National Farmers Union.

Mr. Chairman and members of the committee, we are appearing here in support of H.R. 10118, which would provide authority for the expenditure of $2 billion to relieve unemployment and assist the President in carrying out the objectives of the Employment Act of 1946.

We also are in support of H.R. 10113, which would set up authority for an Office of Public Works Coordination and Acceleration. This bill would implement the President's recommendation by providing for an administrative organization necessary to keep a constant check on unemployment in all areas and the status and need for public works projects in every State.

Members of the committee may know that the National Farmers Union has not only been in full support of the Employment Act of 1946 but was responsible in large part for its passage in 1946. Although our national president and his staff failed to bring about the passage of legislation which was originally drafted, they were successful in establishing congressional policy which clearly recognized that unemployment was a matter of national concern and a responsibility of the Congress and the executive department.

Since the passage of the Employment Act, American citizens have been periodically harassed by unemployment. During the past 10 years, the specter of unemployment has haunted millions of American homes, millions of middle-aged workers have poined the permanent army of the unemployed with little hope of ever attaining full-time employment again. Millions of our young people are unable to find work.

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The Congress and the President cannot afford to allow this situation to continue. Drastic steps must be taken and taken soon. Americans able and willing must be put to work. Many agree that a vast public works program is needed. The psychological condition of our unemployed young men and women may be readily imagined.

Millions of schoolchildren are crowded into dilapidated and inadequate school buildings; other millions live in slums which are seedbeds of crime and juvenile delinquency. In the National Capital, we are told unemployment and slum buildings have made Washington, D.C., a dangerous place in which to live. This situation is duplicated in many other areas.

Natural resource development has been lagging for 10 years; sewage systems are a threat to our health; and recreational facilities are inadequate for our burgeoning population. The need for a vast public works program is obvious.

In searching for the causes of unemployment, it may perhaps be fruitful to glance briefly at the economic history of this country during the past 10 years. The behavior of prices during this period, some economists feel, may give a clue as to why we have an army of unemployed and a depressed agriculture which gives the farmer a standard of living measured in dollars far below that of families living in urban areas. During the period 1953–60, the price of steel rose by more than 35 percent.

The interesting fact about the history of steel during this period was that steel prices were completely unresponsive to supply and demand. When farm prices fell the price of steel went up. When the army of unemployed grew with consequent slackening of demand, the price of steel either stayed up or went even higher. Some economists concluded that the price of steel was completely controlled by the steelmakers without regard to the so-called law of supply and demand. Some of them described the general rise of industrial prices as a price-administered inflation.

The application of market power by the oligopolists may be denied, apologized for, or defended. Certain industrialists contend that industries would destroy themselves if they engaged in cutthroat competition. Most argue, at least before congressional committees, that they are engaging in competition. The tragic thing about price-fixing in industry, whether by tacit or open agreement or conscious parallelism in prices or by basing-point systems, is not that man-made economic laws are broken but that such practices inevitably dry up demand by transferring a disproportionate share of the national income from one economic group to another.

Using the prosperous year 1947 as a yardstick, farmers' net income declined during the succeeding 12 years by $55 billion. This decline in farm income was not primarily due to administered prices but low farm prices because farmers were in competition with each other and were so efficient that they produced more and more with consequent declines in farm prices.

The industrialist was not in such an unhappy position. He could extract a larger and larger portion of the farmer's income from the farmer's pocket to his own pocket. Such a situation was pleasing to the industrialist and would appear to be from his viewpoint to create an economic utopia.

Unfortunately, the industrialist has to sell his products if he continues to make big profits which his administered prices brought him. The farmer, one of his best customers, couldn't buy as much machinery and farm supplies as previously so the industrialist shut down a part of his capacity and laid off some of his workers. Because part of his costs were fixed his profit went down not only absolutely but disproportionately compared to plant utilization. This is what always happens. If such a situation continues long enough, the profits of industry disappear altogether.

We feel strongly that sufficient demand would solve the problems of unemployment and under utilization of plant capacity. Enactment of the program under consideration here would create demand; it would put men to work on needed projects and would indirectly relieve unemployment in distribution and processing and finally relieve unemployment in the durable goods industries by creating a demand for steel, for cement, and a hundred other items.

The principal criticism we have of the program is that it is far too modest. It would appear that an expenditure of $10 billion annually would not be too much for a nation with a gross national product of more than $500 billion.

Recovery and elimination of unemployment should be related to assistance of underdeveloped countries. These primitive and agrarian countries should be assisted to industrialize using our own country's vast industrial plants as an economic base.

I quote from a recent speech of our national president:

> * * * I propose that the combination of loans and grants which have worked so effectively in regard to food stocks be extended to the tools of production and construction.
>
> (1) A program to make available applicable farm tools, equipment, and machinery to the countries desperately trying to get over the nutrition threshold. This equipment could be supplied as part of the credit pattern in already developing land reform programs.
>
> (2) To provide developing countries with heavy machinery which can perform the gigantic tasks of earthmoving, dam construction, and massive lifting. Projects in housing, land clearance, flood control, development of power resources, and many others could be multiplied many times if the necessary heavy equipment could be made available.
>
> (3) To provide machine tools so that their own newly created industrial and machinery plants could begin to meet their own tooling needs.
>
> (4) To provide the amounts of steel necessary to service these beginning self-help plants and equipment. It is significant that the U.S. steel companies have operated profitably at a far greater reduced capacity than our American agricultural plants during the past 10 years.
>
> It is time we broadened our horizons to the ways and means by which the developing countries could make the leap forward in meeting their food, fiber, housing, industrial, and resource needs.

To carry out the objectives of such a program, our national president proposes the formation of an international commodity materials, machinery and supply corporation which would administer the economic part of the program for underdeveloped areas. He further suggests a price support program for steel and other materials utilized in underdeveloped countries if the industry produced at not less than 90 percent of capacity.

We urge members of this committee to report favorably both H.R. 10113 and H.R. 10117 and to use their influence to bring out their approval in the House of Representatives. For the above stated reasons, the passage of the legislation is urgently needed.

Mr. BLATNIK. Thank you, Mr. McDonald.

The Chair will say that the Chair is very familiar with Mr. McDonald's work and the splendid job that he has done in giving legislative and educational leadership in the great Farmers Union, an organization well known, highly regarded, and respected throughout the country.

We appreciate very much your making the effort to come here and giving of your time to help in a problem which is not primarily rural but does affect the rural areas of this Nation. The solution of the rural underdevelopment problems is extremely important.

Are there any questions?

Mr. MCDONALD. We appreciate those remarks very much, Mr. Chairman.

Mr. BLATNIK. Are there any questions on my right?

On my left?

Mr. SCHERER. I have a question.

Mr. KUNKEL. I would like to ask a question.

Mr. BLATNIK. Mr. Scherer.

Mr. SCHERER. I have one question.

Mr. McDonald, on page 3 of your statement you indicate the passage of this bill would finally relieve unemployment in the durable goods industries by creating a demand for steel, et cetera.

It would not relieve unemployment if that steel was brought from abroad, would it?

Mr. MCDONALD. No.

Mr. SCHERER. That is what is happening more and more, is it not? The companies here are buying their steel abroad because they can buy it cheaper?

Mr. MCDONALD. That is correct, Mr. Congressman. I was listening to your previous discussion on this point, and I would like to call the committee's attention to an article in Fortune magazine for February which I read and which discusses this problem, particularly of the Ford Motor Co.

As I recall, the company has invested several hundred million dollars overseas in the last few years.

Mr. SCHERER. You listened to my discussion on this subject with the mayor of Detroit, did you not?

You were in the room?

Mr. MCDONALD. Yes, sir. Yes, sir.

Mr. SCHERER. You would agree then that we are exporting many jobs, are we not, by the investment of American capital in plants abroad, capital that should be spent in normal plant expansion here in the United States?

Mr. MCDONALD. That is correct, Mr. Congressman.

I would just like to comment further on this article. It has indicated that the reason Ford was able to export these enormous amounts of capital was that they had profits running out of their ears.

It had so much money it did not know what to do with it and, as I inferred in my statement, I think the causes of unemployment, which have received some attention today, and that is one reason I dwelt on this briefly in my statement, the causes of unemployment are perhaps unrelated to the area that this bill covers. You are going to have to go further than that in order to permanently relieve unemployment.

Mr. SCHERER. Of course, Ford could have spent these profits that you say it had in normal plant expansion here in the United States.

The reason it built the plants abroad was because it could produce cars cheaper abroad. It had lower labor costs abroad. It had lower taxes abroad and, therefore, it could build cheaper cars abroad and sell more cars to the European market?

Mr. MCDONALD. Of course, if I may say so——

Mr. SCHERER. Is that not right?

Mr. MCDONALD. Correct. One factor is that the market had been saturated in this country and industry had over-expanded tremendously.

And, as I understand, today on the average it is operating 15 percent under capacity.

Mr. SCHERER. The market has been saturated in this country because our automobile industry, like other industries, was no longer able to sell to foreign markets because of foreign competition. They lost their markets abroad, so they saturated this market.

In fact, our market became saturated with automobiles not only because we lost our European markets for American-made automobiles, but they started to send quite a few of them over here in great quantities.

Mr. MCDONALD. Of course, I am not an expert in this field, but my impression is that the automobile industry has met, in large part, this threat of foreign competition; No. 1, in keeping their prices down the last few years. They have not raised their prices for several years, as I recall.

And, No. 2, they have been putting on the market some of these smaller automobiles that are so popular. So we might say——

Mr. SCHERER. I have just one more question:

You say that this bill does not provide enough money, and you feel that there should be an expenditure of $10 billion annually for public works programs?

Mr. MCDONALD. I feel that this is a temporary measure and that, at least, to begin with, you should spend $10 billion.

I think this little pamphlet that I have in my briefcase, which I read earlier, by Mr. Kyser, states that it was estimated that a $10 billion expenditure is called for.

Mr. SCHERER. You mean $10 billion more than we are expending now for highways, dams, reclamation, et cetera?

You mean $10 billion in addition to that?

Mr. MCDONALD. Well, I would say, no, not in addition to it, but most of this money that is authorized, for example, in housing will not be spent for many years but what you need now is a $10 billion public works program which would include presently authorized programs in other agencies, including housing and all the rest of it.

Mr. DOOLEY. Will the gentleman yield?

Mr. BLATNIK. Mr. Dooley.

Mr. DOOLEY. The gentleman from Iowa, who just left, was concerned very much about the word "oligopolists." He wondered whether any of them were in Iowa. Will you define that word for us so we can explain it to him?

Mr. MCDONALD. Well, that means, in contrast, "monopolists," that there are several of these leaders in industry——

Mr. DOOLEY. That is what I thought it was.

Mr. MCDONALD. And there are some——

Mr. DOOLEY. It is the hierarchy of power, the hierarchy of a group of businesses?

Mr. MCDONALD. Yes, and I would include the gentlemen that went to jail a while back for fixing prices.

Mr. DOOLEY. My colleague from Iowa said he wanted to find out if there were any of them in Iowa and whether they were good or bad. So I will explain it to him. Thank you.

Mr. BLATNIK. There being no further questions, thank you very much, Mr. McDonald.

STATEMENT OF JEAN L. VINCENZ, DIRECTOR OF PUBLIC WORKS, SAN DIEGO COUNTY, CALIF.

Mr. BLATNIK. Mr. Jean Vincenz, director of public works in San Diego County, Calif., is our next witness.

Mr. Vincenz, the Chair wants to express its appreciation for your standing by all morning, as you were scheduled earlier. We are especially appreciative of that and of the fact that you have traveled a great distance to present your testimony.

May the Chair say that your reputation in the field of public works is known across the breadth of the same country that you have traversed.

I understand that you are returning back to California at 3 o'clock this afternoon. We shall conclude your testimony this morning.

We do appreciate it and we thank you for coming.

Mr. VINCENZ. Thank you, Mr. Chairman. I was glad to wait for the two mayors to present their testimony, because theirs is probably more important than mine.

I try to approach this completely from a public works practical standpoint rather than from an economist's standpoint, which I am not.

I will skip over the first part there in which I give my qualifications because I think you can read that.

Mr. BLATNIK. Then your full statement will be in the record.

(The complete statement of Mr. Vincenz follows:)

STATEMENT OF JEAN L. VINCENZ, DIRECTOR OF PUBLIC WORKS, SAN DIEGO COUNTY, CALIF.

Mr. Chairman, it is indeed a privilege for me to appear before your committee to present my views concerning H.R. 10113 and H.R. 10317. Since I am appearing as an individual, it may help if I briefly qualify myself.

From 1931 to 1941 I was commissioner of public works, city engineer, and manager of utilities for the city of Fresno, Calif. From 1941 to 1947 I was Assistant Chief of Repairs and Utilities Division, Office of the Chief of Engineers, in the War Department in Washington, part of this time with the rank of lieutenant colonel. From 1947 to the present I have been in my present position, which includes serving as chief engineer for 14 sanitation districts in San Diego County.

In 1937 I was elected president of the League of California Cities; and in 1960, president of the American Public Works Association. In 1956–57 I served on the advisory committee to the special assistant to the President for public works planning.

THE NEED FOR THE OFFICE OF PUBLIC WORKS COORDINATOR

This outline probably gives your committee a basis for my reasons for strongly favoring those provisions of H.R. 10113 which would establish the Office of Public Works Coordination and Acceleration with duties as spelled out in sections 3 through 8 of H.R. 10113.

In addition to the duties assigned to this Office for collection of essential information regarding planning and programing of public works, I would emphasize the importance of section 5 of the act which reads, "The Director shall, to the fullest extent possible, cooperate with all departments, agencies, and instrumentalities of State and local governments to insure the greatest possible planning and coordination of public works projects at all levels of government." May I comment briefly concerning the values to be derived from these provisions of the act.

(1) Information concerning the extent of public works planning in the United States, together with a statement of the public works needs, should certainly be almost indispensable to the President and to the Congress. It appears that this information would be a tool that would be used very frequently. Particularly, it would be of great benefit were such information available today to the President, to the Congress, and to your committee.

(2) It would be a distinct benefit to the taxpayers if all States and local governments would develop and keep up to date a long-range capital improvement program. Such a program presents to the taxpayer of each agency a picture of the needs of the community, together with a possible schedule for accomplishment of the program. The members of your committee know all too well how easy it is to push off into the future projects that are vitally needed for a community, city, or State. Then, when the project must be built, the day of accounting comes. Proper sites are not available, land costs for the remaining available sites have skyrocketed, and cost of construction has steadily increased.

Further, it is probably necessary for the project to be paid for out of a bond issue. As a result, the taxpayers pay a higher cost for a less desirable site, higher costs for construction, and on top of that must pay almost double the price through the payment of interest. Many streets and roads, pipelines, and other facilities which could have been repaired must be replaced because of the delays. With the development of proper long-range planning for capital improvements, many of these projects could be accomplished closer to the time of need on a pay-as-you-go basis.

The Office of Public Works Coordination and Acceleration under the provisions of section 5 could stimulate and encourage local governmental agencies to develop such capital improvement programs.

(3) The tabulation of public works projects to be accomplished by the Federal agencies would be of value not only to the President and to the Congress but to the other agencies of the Government, in order that proper coordination of projects might be achieved. Your committee undoubtedly has had called to its attention numerous incidents where coordination by the Federal agencies would have been very beneficial.

(4) Information of this kind might, it seems to me, encourage an exchange of ideas, information, and experiences among the agencies of Government to which are assigned the various grant-in-aid programs.

CONSTRUCTIVE CRITICISM OF SOME PROVISIONS OF THE BILLS

H.R. 10113 and H.R 10317 are designed primarily to permit the orderly acceleration of public works when such an action is found to be desirable. I should like to comment briefly concerning each of the three types of programs referred to in these bills.

(1) *Acceleration of direct Federal projects.*—Keeping in mind the objectives of increasing employment in the shortest time possible, it is probable that very few of the direct Federal projects could prove to be of much assistance. Generally, these are of such scope and character that long-term planning, acquisition of sites, a great deal of engineering, and much site preparation would be involved before actual start of construction on the projects could begin. Such projects would undoubtedly be of real value over the long term because they are permanent, but they are mostly slow starters. Exceptions to this would be projects of reconstruction, repair, and rehabilitation at installations of the Departments of

Defense and General Services Administration. I would suggest that attention be directed toward that area if it is desired to find fast-starting projects in this category.

(2) *Acceleration of existing Federal grant programs.*—Such programs would prove to be a little faster starting than the huge Federal projects, but there are many inherent obstacles. I wish to mention a few, but first may I say that San Diego County has found these programs to be of real, tangible, and lasting value. The aid-to-airports program has functioned exceptionally well. In my experience less time has been required to obtain the necessary approvals for construction to get underway under this program than any of the others. Possibly one good reason is based on just what we have been talking about: The planning of projects in advance of actual construction—the preparation of a statement of needs by the FAA based on contacts with the local governments and a knowledge by the local governments that there is a possibility of grants being available sometime in the near future.

Public Law 660, particularly with the recent amendments resulting from the efforts of Congressman Blatnik, is proving most helpful. It is quite pertinent to point ou that one reason for the success of this particular program is the continuing analysis by the Public Health Service of the needs in the sewage treatment plant construction program. Maintenance of national data by the Public Health Service on existing facilities, present needs, and future requirements in the sewage treatment plant construction field has undoubtedly proven very valuable to your committee as well as to the Public Health Service.

But here again, these projects are of such size that it is almost always necessary for a community to vote a bond issue before its share of the money for the project can be available. The knowledge that a grant under this program is available is without doubt a great encouragement to the voters in connection with such a bond issue election. However, it does take quite a period of time to comply with all of the legal requirements. In California, for example, we are faced with the requirement by State law that a favorable vote of 66⅔ percent is required for the passage of any bond issue. This is a difficult obstacle to overcome. It just is not possible to get these projects underway quickly.

The loans made available under Public Law 345 are indeed helpful. The availability of money at interest rates which the taxpayers may feel they can afford increases materially the possibility of a favorable vote on bond issue elections. But here again time is a factor.

The program of interest-free Federal planning advances, authorized under section 702 of Public Law 569 is a splendid idea. However, the amount of funds presently authorized for that program is so limited as to practically destroy its usefulness. For example, I am informed that approximately $2 million is available for such planning advances for all communities in the State of California. These planning advances would be of great value to a district that I represent to speed the accomplishment of an urgently needed $4 million sewage disposal project. Our request for a planning advance in the amount of $210,000 for this project had to be cut to $40,000, because of the shortage of funds available. This amount covers preliminary planning only, and all engineering has had to stop until the additional funds required for engineering plans are authorized by a bond issue. Had funds been available in the amount of our request, the engineering plans could be completed and the contract ready to go to bids immediately after the voting of the bond issue. Also, repayment of this advance could then be promptly made.

Public Law 566, with relation to small watershed projects, has been most disappointing to San Diego County. A project authorized by the Congress in general terms in 1956 were finally put together by a soil conservation district in 1959. The plans were completed in 1960. Approval of them was held up to determine who would pay for $7,000 of protective fencing which would separate a well-traveled highway from the flood-control channel. The regional office found that it was an essential part of the project, as it certainly seems to be. However, the Washington office stanchly refused to allow Federal funds for the fencing. The soil conservation district is without taxing powers to provide the $7,000 and the project was static for months. Finally the county and the local irrigation district were persuaded to contribute the $7,000 and the project was then sent through for final approval. Just when the project can go out to contract is beyond the knowledge of any of the folks in San Diego County.

It is not my intention to cite examples in a critical vein (except, of course, the last one) but to attempt to have your committee understand that you should

not count on the "acceleration of existing Federal grant projects" to provide the amount of early employment desired.

(3) *Projects ineligible under existing programs.*—I would like to emphasize this phase of the proposed program. There are thousands of projects badly needed by local government for which plans could be completed and projects under construction within 90 days if funds were available.

In order that we can be sure we are talking about the same kind of projects and programs, may I comment concerning provisions of these two bills.

Since I am particularly interested in provisions of H.R. 10113 establishing the Office of Public Works Coordination and Acceleration and spelling out the duties thereof, I would like to suggest that the wording of section 6 of H.R. 10317 be substituted for section 12 of H.R. 10113. Undoubtedly the wording of section 12, which refers to section 202 of the Housing Amendments of 1955, is entirely legal but it took me all of 1 day, a half day of effort by our county counsel's office, and finally a phone call to Washington, to find out what was meant; while on the other hand, section 6 of H.R. 10317 is very clear. May I also suggest the inclusion of the definitions contained in section 13 of H.R. 10317, for then it seems to me the language would be such that even an engineer could understand the intent.

THE NEED FOR LOCAL CAPITAL IMPROVEMENTS

Undoubtedly your committee has in the record of these hearings reference to the survey conducted by the Bureau of the Census at the request of the Housing Administrator. This inventory of public works that State and local governments had in the planning stage in 1960 and 1961 totaled an estimated construction cost of $21.7 billion, of which $12.6 billion was for local governments. Results of a study made in 1955 by the Special Assistant to the President for Public Works Planning showed an accumulated backlog of needs for new construction and for replacement of existing facilities of States and local governments totaling nearly $160 billion for the 10-year period, 1955–65.

For your record, I would like to include the following information from a study made in 1959–60 of California County road and city street deficiencies:

Street and road deficiencies

San Diego County—roads	$132, 979, 000
City of San Diego—streets	26, 228, 000
Other cities in San Diego County—streets	39, 561, 000
Total—San Diego County	198, 768, 000
All cities in California—streets	900, 587, 000
All counties in California—roads	1, 084, 068, 000

In total, the deficiencies of California County roads and city streets are approximately $2 billion. From this study it can be seen that there are literally hundreds of projects which could be put under construction within a very short time were the funds available.

In 1956, at the request of the county supervisors' association of California, the State senate interim committee on public works directed the compilation of a report to show the county public buildings deficiencies in California. Actually, ths wais a review and analysis of the building construction programs planned by California counties for the 5-year period from October 1956 to October 1961. The total came to $413,420,000. Of this amount, the counties could see a way of raising $170,618,000, leaving a deficit of funds required of $242,802,000. It should be emphasized that these are county buildings only and do not include the requirements of the cities of California.

Recently I read an article suggesting that money from this proposed legislation would be spent for projects dreamed up just to spend the money. I am confident that your committee desires to take all means to prevent that. It is my opinion that at such time as an acceleration program of public works may be required and provisions are made in the program to encourage local projects and programs of the kind that I have been discussing, the funds so appropriated and spent would not have to be for projects dreamed up just to spend the money.

In conclusion, may I suggest consideration of two ideas concerning the type of projects to be included in the proposed program. One concerns the provision of a rule that would permit a local government to combine two projects into one in order to assist the local government provide its share of funds. Suppose, for

example, that a city has $100,000 available in the budget for the installation of new water mains and also is badly in need of sewer trunklines that will cost $100,000 but for which no funds are available. Under a 50-percent matching program, could the city present a project for $200,000 for the construction of $200,000 worth of water mains and sewer trunklines? I think that without further comment your committee can see the value to the local community of such an arrangement.

The second idea originates from a prominent member of the American Public Works Association from the city of New York. May I quote briefly from his letter:

"I would be in favor of expanding the concept of public works to include public works equipment. Equipment manufacturers, who may have to furlough their employees because orders are not coming in, would thus be helped. These orders may not be issued by various public agencies, because of a general belt tightening, despite obsolescence of equipment. By broadening the definition of public works, some relief would be afforded the public-works manufacturing industries which might otherwise suffer a concomitant decline in their employment."

This is a suggestion that I believe deserves consideration by your committee.

In summary, the points I wish to make are these:

(1) The establishment of the Office of Public Works Coordination and Acceleration with duties as outlined in H.R. 10113 is highly desirable.

(2) The value of advance planning and compilation of pertinent data on public works needs is well illustrated in the Federal programs of sewage treatment plant construction aid and aid to airports, since both of these programs have proven so very successful.

(3) Acceleration of public works projects can be accomplished most quickly and effectively at the local government level.

(4) A combination of H.R. 10113 and H.R. 10317 could include the desirable sections of each to better accomplish the common objectives of both bills.

Mr. Chairman, I would like to thank you and the members of the committee for giving me this time to present these thoughts to you.

Mr. VINCENZ. Yes, sir.

The outline of my qualifications probably gives your committee a basis for my reasons for strongly favoring those provisions of H.R. 10113 which would establish the Office of Public Works Coordination and Acceleration with duties as spelled out in sections 3 through 8 of H.R. 10113.

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(2) It would be a distinct benefit to the taxpayers if all States and local governments would develop and keep up to date a long-range capital improvement program. Such a program presents to the taxpayers of each agency a picture of the needs of the community, to-

gether with a possible schedule for accomplishment of the program. The members of your committee know all too well how easy it is to push off into the future projects that are vitally needed for a community, city, or State. Then, when the project must be built, the day of accounting comes. Proper sites are not available, land costs for the remaining available sites have skyrocketed, and cost of construction has steadily increased.

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The Office of Public Works Coordination and Acceleration under the provisions of section 5 could stimulate and encourage local governmental agencies to develop such capital improvement programs.

(3) The tabulation of public works projects to be accomplished by the Federal agencies would be of value not only to the President and to the Congress but to the other agencies of the Government, in order that proper coordination of projects might be achieved. Your committee undoubtedly has had called to its attention numerous incidents where coordination by the Federal agencies would have been very beneficial.

(4) Information of this kind might, it seems to me, encourage an exchange of ideas, information, and experiences among the agencies of government to which are assigned the various grant-in-aid programs.

I would like to make some constructive criticism of some of the provisions of these bills.

H.R. 10113 and H.R. 10317 are designed primarily to permit the orderly acceleration of public works when such an action is found to be desirable. I should like to comment briefly concerning each of the three types of programs referred to in these bills.

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Such projects would undoubtedly be of real value over the long term because they are permanent, but they are mostly slow starters. Exceptions to this would be projects of reconstruction, repair, and rehabilitation at installations of the Department of Defense and General Services Administration. I would suggest that attention be directed toward that area if it is desired to find fast-starting projects in this category.

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a few, but first may I say that San Diego County has found these programs to be of real, tangible, and lasting value.

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Public Law 660, particularly with the recent amendments resulting from the efforts of Congressman Blatnik, is proving most helpful. It is quite pertinent to point out that one reason for the success of this particular program is the continuing analysis by the Public Health Service of the needs of the sewage treatment plant construction program. Maintenance of national data by the Public Health Service on existing facilities, present needs, and future requirements in the sewage treatment plant construction field has undoubtedly proven very valuable to your committee as well as to the Public Health Service.

But here again, these projects are of such size that it is almost always necessary for a community to vote a bond issue before its share of the money for the project can be available. The knowledge that a grant under this program is available is without doubt a great encouragement to the voters in connection with such a bond issue election.

However, it does take quite a period of time to comply with all of the legal requirements. In California, for example, we are faced with the requirement by State law that a favorable vote of 66⅔ percent is required for the passage of any bond issue. This is a difficult obstacle to overcome. It just is not possible to get these projects underway quickly.

The loans made available under Public Law 345 are indeed helpful. The availability of money at interest rates which the taxpayers may feel they can afford increases materially the possibility of a favorable vote on bond issue elections. But here, again, time is a factor.

The program of interest-free Federal planning advances authorized under section 702 of Public Law 560 is a splendid idea. However, the amount of funds presently authorized for that program is so limited as to practically destroy its usefulness. For example, I am informed that approximately $2 million is available for such planning advances for all communities in the State of California.

These planning advances would be of great value to a district that I represent to speed the accomplishment of an urgently needed $4 million sewage disposal project. Our request for a planning advance in the amount of $210,000 for this project had to be cut to $40,000, because of the shortage of funds available.

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It is not my intention to cite these examples in a critical vein—except, of course, the last one—but to attempt to have your committee understand that you should not count on the "acceleration of existing Federal grant projects" to provide the amount of early employment desired.

Now, I would like to speak on projects ineligible under existing programs.

I would like to emphasize this phase of the proposed program. There are thousands of projects badly needed by local government for which plans could be completed and projects under construction within 90 days if funds were available.

In order that we can be sure we are talking about the same kind of projects and programs, may I comment concerning provisions of these two bills.

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Recently I read an article suggesting that money from this proposed legislation would be spent for projects dreamed up just to spend the money. I am confident that your committee desires to take all means to prevent that.

It is my opinion that at such time as an acceleration program of public works may be required and provisions are made in the program to encourage local projects and programs of the kind that I have been discussing, the funds so appropriated and spent would not have to be for projects dreamed up just to spend the money.

In conclusion, may I suggest consideration of two ideas concerning the type of projects to be included in the proposed program. One concerns the provision of a rule that would permit a local government to combine two projects into one in order to assist the local government provide its share of funds.

Suppose, for example, that a city has $100,000 available in the budget for the installation of new water mains and also is badly in need of sewer trunk lines that will cost $100,000 but for which no funds are available. Under a 50-percent matching program, could the city present a project for $200,000 worth of water mains and sewer trunk lines? I think that without further comment your committee can see the value to the local community of such an arrangement.

The second idea originates from a prominent member of the American Public Works Association from the city of New York. May I quote briefly from his letter:

I would be in favor of expanding the concept of public works to include public works equipment. Equipment manufacturers, who may have to furlough their employees because orders are not coming in, would thus be helped. These orders

may not be issued by various public agencies because of a general belt-tightening, despite obsolescence of equipment. By broadening the definition of public works, some relief would be afforded the public works manufacturing industries which might otherwise suffer a concomitant decline in their employment.

This is a suggestion that I believe deserves consideration by your committee.

In summary, the points I wish to make are these:

(1) The establishment of the Office of Public Works Coordination and Acceleration with duties as outlined in H.R. 10113 is highly desirable.

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(3) Acceleration of public works projects can be accomplished most quickly and effectively at the local government level.

(4) A combination of H.R. 10113 and H.R. 10117 could include the desirable sections of each to better accomplish the common objectives of both bills.

Mr. Chairman, I would like to thank you and the members of the committee for giving me this time to present these thoughts to you.

Mr. BLATNIK. May I say, Mr. Vincenz, that this is the sharpest and most to-the-point presentation on the problems involved in public works planning and construction that we have ever had, and on the concepts of coordination and planning. We certainly do want to thank you for a most helpful and enlightening statement on public works programing—especially on how it ought to be done and could operate.

Coupled with your experience and your stature your splendid record of achievement in the field of public works on the municipal level has resulted in a most helpful and a most convincing piece of testimony.

Thank you very much.

Mr. VINCENZ. Thank you.

Mr. BLATNIK. Mr. McFall.

Mr. MCFALL. I would like to compliment my fellow Californian for his very fine statement.

It was worth waiting for.

Mr. VINCENZ. Thank you.

Mr. BALDWIN. Mr. Chairman?

Mr. BLATNIK. Mr. Baldwin.

Mr. BALDWIN. I would like also to compliment you on your statement.

It is obvious that you devoted a lot of constructive thinking to these bills, and we appreciate the testimony that you have given us.

Mr. VINCENZ. Thank you, Mr. Baldwin.

Mr. BLATNIK. Are there any further questions?

Mr. Vincenz, we thank you very much.

Mr. VINCENZ. Thank you, sir.

Mr. BLATNIK. This concludes the hearings for today.

The hearings are adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 12:20 p.m., the hearing was recessed until 10 a.m., Wednesday, April 4, 1962.)

STANDBY CAPITAL IMPROVEMENTS ACT OF 1962

WEDNESDAY, APRIL 4, 1962

House of Representatives,
Committee on Public Works,
Washington, D.C.

The committee met, pursuant to recess, at 10:10 a.m., in room 1302, New House Office Building, Hon. George H. Fallon presiding.

Mr. Fallon. Ladies and gentlemen, the Committee on Public Works is meeting this morning for the continuation of hearings on H.R. 10113 and H.R. 10318, legislation that is known as the Standby Capital Improvements Act of 1962.

Our first witness this morning will be Mr. James B. Carey. On behalf of the committee, may I welcome you this morning and thank you for coming here.

Will you give the reporter your name and occupation?

STATEMENT OF JAMES B. CAREY, SECRETARY-TREASURER, INDUSTRIAL UNION DEPARTMENT, AFL–CIO

Mr. Carey. Mr. Chairman and members of the committee, my name is James B. Carey and I am appearing before you on behalf of the Industrial Union Department, AFL–CIO, and the International Union of Electrical, Radio and Machine Workers, AFL–CIO.

The industrial union department is composed of approximately one-half of the AFL–CIO unions, with approximately one-half of the membership of our AFL–CIO. I serve as secretary-treasurer of the industrial union department, and Walter Reuther is president of the department.

We in America have traditionally neglected our Nation's public capital. We have failed to recognoize it both as an effective countercyclical economic tool and as a necessary and desirable component of a healthy and growing society. It is particularly rewarding to have the opportunity of appearing before a committee that is preparing legislation which recognizes this Cinderella of our economic system.

The arrival of children to any normal respectable family means that spending patterns will change. More emphasis must be placed on education, proper housing gains in prominence as does health care and insurance. When our population suddenly expands, it is reasonable to expect a similar shift in spending. However, for America, the analogy becomes more complicated, for many other factors have swelled our needs for social capital as well as population growth.

The forced economies of the war years have left us a legacy of obsolete schools, houses, and even entire urban areas.

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There has been an increase in the density of our population as more and more people have flocked to our metropolitan areas, resulting in sanitation problems, overcrowded housing, schools, and so forth.

A growing proportion of our population is found among the very young and the senior citizens. Both these groups press hard upon the Nation's recreational facilities. Coupled with this, higher incomes and increased leisure time has created a population of vacation warriers fighting a losing battle for breathable air, an uncongested highway, a parking place, or an unlittered picnic area with a place to swim.

We as a Nation have been quite remiss in establishing the necessary priorities between private goods and public needs. Our factories are becoming lonely places as a result of automation, yet our schools and cities are overcrowded. We can produce more automobiles than we are capable of buying and yet we haven't been able to build enough roads to contain them. We have food surpluses, yet our Nation's water supply is fast becoming a national emergency. We have more leisure time and money, yet fewer places to go.

Allow me to pinpoint some of the backlogs and growing needs.

At the beginning of the 1960–61 school year, according to Health, Education, and Welfare's Office of Education, we were in need of 142,000 additional classrooms. Yet, to meet this need, only 69,600 new classrooms were scheduled for completion during the year. How have we been meeting this backlog in past years? Since 1956 the additional classrooms needed in each year to allow for new enrollments and to make up for the abandonment of dilapidated or destroyed facilities ranged between 135,000 and 160,000. Yet, the maximum number of new classrooms scheduled for completion in any of those years never exceeded 71,000.

What of future needs? By 1970, elementary and secondary school enrollments are expected to be 25 percent greater than the 1960 level—this is not to mention our growing demand for facilities for higher education; 1970 enrollment levels are expected to be double those of 1950.

Although few in our Nation lack a roof over their heads, the 1960 Census of Housing figures show that more than one out of every four of our Nation's housing units were considered dilapidated, deteriorating, or lacking in adequate plumbing. While some of these can be rehabilitated, 18.8 percent of our total dwelling units, or 11 million, are definitely in need of replacement. And, this does not take into account the overcrowded conditions in units not considered substandard. By 1975, some 21 million units will be needed just for replacement and another 14 million units will be required as population and new family formations grow. Thus, over a 15-year period, our housing needs will increase by some 35 million units requiring a construction rate of about 2.3 million new starts in each year. Currently, new housing starts have been running about 1.3 million.

Fortunately, we have not been acquiring a growing backlog in hospital facilities, but on the other hand, we have done little to reduce the existing shortages. In 1961, the Public Health Service reported that a total of 1.4 million hospital beds were in existence, but 2.1 million were needed—183,000 of the existing beds were classified as

unacceptable by fire and health standards. Thus, a shortage of 859,000 beds.

Our Nation's water problem is reaching emergency proportions. Grants have already been applied for under the terms of the Federal Water Pollution Act for financial assistance to the tune of $1.2 billion. Yet the budget request for fiscal 1963 to meet these needs was only the $90 million maximum amount allowed under the law. Clearly, a great need exists.

The Outdoor Recreation Resources Review Commission (ORRRC) estimates that the demand for recreational facilities will increase at a rate 50 percent faster than population growth. Complicating the problem is the fact that much of this demand will be concentrated in the areas of extreme population density where space for facilities is either very expensive or nonexistent. The Bureau of Land Management of the Department of Interior estimates that its expenditures just for outdoor recreational facilities in 1965 will be eight times that of 1962 levels.

Strangely, our economic system considers producing automobiles a blessing and yet road construction is considered a burden. Our construction of highways and public roads has not kept pace with the growth in use. For example, from 1950 to 1959, the number of miles covered by State highway systems increased by only 15 percent, while the number of passenger vehicle miles traveled increased 57 percent. Over the next 15 years, estimates indicate that mileage should be about double the present rates.

These are some of the requirements for a growing population in an America that is becoming increasingly urbanized. We have large backlogs to make up for and we have new and growing needs. The interaction of these factors means that continuing growth trends of the past are not sufficient, and even maintaining historical relationships between public capital and total national product is not the answer.

We can measure and express these needs in many ways. We can use population growth, hospital beds and school buildings, or even fishing license applications. General Bragdon, Eisenhower's special adviser on public works problems, called for a $20-billion-a-year expenditure by State and local governments just to catch up in 10 years.

Another leading expert, the late W. S. Woytinsky, called for $100 billion in public works during the 1960's as a necessary component of an effective economic growth and antirecession program. Data cited by Woytinsky showed that the 1957–58 contraction, for example, could have been offset if the public sector had been quickly expanded by only $5 billion. If we consider that as a result of this recession the Federal Government chalked up a deficit of over $12 billion for fiscal 1959, we certainly were "penny wise and pound foolish." Furthermore, gross national product for 1957–58 in real terms declined by $7.5 billion—if this recession had been offset, the growth between 1957 and 1958 in our country's total output should have been about $20 billion. Here again, a $5 billion expenditure would have yielded a great economic gain as well as much needed improvement in our public capital. Thus, whatever the measure, the needs exist, and are growing faster than we are meeting them.

As a society grows and matures and as incomes and living standards rise, public service requirements grow geometrically. We must recognize these phenomena as natural and desirable. We must accept them and deal with them effectively.

The bills before you will make a significant contribution to our stock of public capital and it is my profound hope that this legislation represents the beginning of a whole new era of awareness and action in the field of the public domain.

Particularly gratifying is the fact that what I have discussed so far is only a fringe benefit of the bills before you. The specific purposes of this legislation are directed toward still another major national need, that of promoting "maximum employment, production and purchasing power."

I stand before you as the representative of some 6 million industrial workers and their families. People concentrated in the Detroits, Pittsburghs, Youngstowns, and Wheelings of our Nation. People who are experiencing firsthand, and are living monuments to, our failure in developing the economic framework necessary for maximizing our capabilities.

The three recessions following the Korean war have had ominous undertones. The 1949–53 upswing lasted almost 4 years. The next upswing turned after less than 3 years and we began our last downturn after only 25 months of growth. Our current recovery is not 15 months in the running and we are already seeing signs of weakness. Also, we have been experiencing an underlying trend toward increasing unemployment in good times as well as bad. The 1953–57 business cycle showed an average unemployment rate of 4.1 percent. It grew to an average of 5.6 percent during the the 1957–60 cycle. This is not just for a recession, but includes the peak production year of 1960. Presently, at a time when our economy is achieving unprecedented profit and production levels, 4.5 million people are still unemployed.

There is no denying that if it were not for the antirecessionary devices already built into our economy, the experiences would have been much worse—especially when viewed in the light of the attitudes of the previous administration. Nevertheless, the behavior of the past decade indicates an urgent need for additional tools if we are to meet with success in our battle against economic recession. Most important, we need tools that are highly sensitive to current conditions. Measures that can quickly go into effect as conditions warrant and yield immediate economic stimulation. Measures that do not have to wait for the grinding of legislative wheels or for indirect "filter" up or down economic effects.

The administration has recognized this need by proposing legislation which would grant the President standby authority to reduce personal income taxes and to initiate and speed up public works. The latter proposal, of course, is incorporated in the bills now pending in this committee.

In the past, there have been many arguments launched against the desirability of public works as an antirecessionary measure. I have never agreed with States rights arguments or with those groups who traditionally see a bogeyman of infringement on private initiative in every socially desirable piece of legislation.

Admittedly, however, there were some legitimate objections. First, that public works projects are characteristically of a long-term nature, difficult to start and virtually impossible to stop. The second argument against public works as a countercylical measure was concerned with the fiscal problems of State and local bodies. Unlike the Federal Government, they cannot gear their public works expenditures to compensate for business swings. Rather, State and local governments tend to build hospitals and schools during good times and try to cut their debts in bad times. Consequently, the tendency has been to amplify rather than dampen the swings.

The bills before you successfully meet these objections. They give priority to projects that can be started quickly and completed within a short period of time. And, providing funds for grants-in-aid and direct loans will enable the State and local bodies to contribute their fiscal powers to the fight against recessions.

The latest report of the Council of Economic Advisers clearly illustrates the way in which a quick reacting program would meet the argument that public works operate too slowly to affect a recession. The Council showed, for example, that had the administration's proposal been in effect during the 1960–61 recession, action could have been taken after only 4 months of economic decline. The actual downturn lasted 9 months. In the 1954 recession the President could have acted a full 9 months in advance of the recession "bottom."

The periods of slack in both cases would have been shortened. In addition, the added stimulation of public works spending would have encouraged a quicker and more powerful recovery than was actually experienced.

One of the great advantages of public works in times of recession is too frequently forgotten. Characteristically, the bellwethers of downturn have been the construction and heavy durable goods industries. These industries are usually the first to feel a downturn and suffer through it the longest. Public works gets at the heart of this problem, for it has its initial impact on these bellwether industries. Any success in shoring up these industries is quickly felt and multiplies throughout the rest of the economy. These bellwether industries also employ a relatively large proportion of unskilled or low-skilled workers—groups that bear a disproportionate burden of unemployment. Quick and effective counterrecession action through public works can help alleviate some of this burden.

There is little doubt that we are currently faced with some urgent economic problems. Automation and rapid technological change, as well as economic and political competition from abroad, has emphasized a need for a strong economy that is balanced and growing. If we are to maintain and improve our own living standards as well as meet our international obligations, we must act swiftly. To do this, additional economic tools are needed.

The legislation we are discussing today directs itself to all these problems and we certainly support its principles. We do have some suggestions and proposals that we feel will make the legislation more effective. On this score, I will direct myself essentially toward the amendments recently suggested by the administration. First, let me say that we wholeheartedly support the idea of preparing in advance for our fight against the next recession—the principle embodied in

the "triggering devices" of the original bills. But I must emphasize the need for doing something now for the 4.5 million people who are ready, willing, and able, but cannot find jobs. We greatly appreciate the administration's suggested amendment which recognizes this urgency. However, in our opinion, the proposal is inadequate.

If, for the sake of political expediency, only $600 million could be appropriated, most of its effectiveness would be lost if we were to stretch such a small amount over a 2-year period. If this expenditure is to have any significant value, it should be accomplished within 12 months. This, then, including the matching of the $300 million by State and local governments, would amount to a public works expenditure of $900 million. This amount would create immediate employment in the construction, as well as related industries. The multiplier effect of those jobs and incomes within the year would be to cut the ranks of the unemployed by some 225,000. When viewed in the light of our total needs, it is only a small step, but in the right direction. For 225,000 workers and their families it would seem larger.

With regard to the original bills, there are some features in one that we do not find in the other, and conversely. Let me briefly point to some features we would particularly like to see included in the final bill.

The $2 billion figure of both bills, we feel is reasonable and sound. However, the allocation provided in the administration's bill would better meet our country's needs.

The "triggering mechanism" provided by the Blatnik bill would be more sensitive to economic conditions than that of the administration.

And, the Blatnik bill would also establish an Office of Public Works Coordination and Acceleration, an important provision that is not included in the administration's proposal.

Public works programs represent a highly effective weapon for dealing with some of our most pressing economic and social problems. The bills before you and the amendments suggested will do much to provide the necessary framework for the resolution of these problems.

Thank you.

Mr. FALLON. Thank you, Mr. Carey.

Are there any questions on my right? Any questions on my left? Mr. Scherer?

Mr. SCHERER. Mr. Carey, I notice in the forepart of your statement you talk about the failure of highway construction to keep pace with the increased use of motor vehicles. What you say there was true prior to 1956, but since the passage of the 1956 Highway Act wouldn't you say that provision had been made to take care of the highway users?

Mr. CAREY. There have been provisions made but, as you know, in our ever-changing economy we are building airports which, by the time they are completed, are no longer adequate to meet the needs.

The same thing is true of our highway construction program.

Mr. SCHERER. Do you think that is true of the present highway construction program?

Mr. CAREY. Yes, sir. The present program made up for our past deficiencies to a large extent, but there has to be a continuation and an intensification of the program to keep up.

Mr. SCHERER. Do you not think that this committee recognized that and do you not know that we have provided for the building of highways—that we have provided the money so that this present highway program when completed in 1972 will be adequate to take care of the projected traffic needs until 1975?

Mr. CAREY. There I would not agree. They would not.

Mr. SCHERER. The experts do. I happen to have sat on this committee now for 10 years listening to testimony. We thought we provided the biggest public works program in the history of the world. We are providing for the expenditure from 1956 to 1972 to build highways, the sum of $82 billion to be spent by both the Federal and local governments. I just question that part of your statement of which I think I have, and Mr. Fallon has, firsthand knowledge. We are meeting the requirements of vehicular transportation in this country.

Mr. CAREY. Congressman Scherer, we did have a great number of years to make up for.

Mr. SCHERER. Oh, I understand that.

Mr. CAREY. I'm not sure the experts are correct if they contend that the present highway construction and road program upon completion will meet our needs in 1975. I speak with some knowledge. I do, as you do, a considerable amount of travel, and by car. I do have some knowledge of production and engineering experience and I would say, sir, that the experts back in 1956 sought to anticipate our needs, but they did not in the light of the tremendous change of the population location in this country. Anyone who travels in the District of Columbia, and goes out at night, will understand something of that. Anyone who travels anywhere in our tremendously large country would know it is a spotty proposition at best, but it is a difficult thing for an expert to try to anticipate the future in a population movement situation such as we have had.

Mr. SCHERER. Of course, we cannot build these highways overnight, but I think we have been doing a remarkable job. If you would think of a public works project which would combine the Grand Coulee Dam, the St. Lawrence Seaway, and the Panama Canal, and then multiply that project 36 times, that is the size of the current highway-building program in which we are now engaged, and this is the biggest public works program in the history of the world.

It was suggested, in spite of what you say about the failure of the previous administration to act—this was suggested by President Eisenhower when he first took over, because he recognized, as you did in 1953, the inadequacy of highways in the United States.

I have never seen an amount of money spent on a public works project such as we are spending on highways in such a few years.

Mr. FALLON. Will the gentleman yield?

Mr. SCHERER. Yes.

Mr. FALLON. Mr. Carey, I see that you estimate that in the next 15 years the mileage traveled will double in that time and, of course, the percentage will rise between now and the end of that 15 years. This road program is predicated on the amount of money that is collected and put into the trust fund. If at the end of the 15 years, as you suggest in your paper here this morning, the traffic will double, that means we will have twice the amount of money to spend on roads

then as we have now, because if the trust fund continues to increase at that rate—and it is predicated on the vehicle miles, so as you burn the fuel and wear out the tires you get new tires and use more fuel and therefore you get more taxes. As a result it looks like we will be able to get 'way ahead of the need by that time.

I have to agree with you that we were building roads just to take care of the present-day traffic prior to 1956, and due to the halting of construction during the war we got very far behind. Even though we were behind, though, we were building, trying to catch up to the present-day traffic. What our 1956 Highway Act does is, the designing, and so forth, is predicated on the traffic of 1975 and beyond that.

If what you say is true, however, we will be able to expand the already planned road system. That is taken care of in the 1956 act. I think we will be all right in our road-building program.

Mr. SCHERER. But you cannot compare vehicle miles with increased road mileage, because today, where we built two-lane highways in those days, today we are building six- and eight-lane highways.

Mr. FALLON. May I say to the gentleman that the vehicle mile is the thing that we collect the tax on. Of course, when somebody talks about the price per mile of a road, they say it costs $8 million a mile. That is not the way actually to get the price of a highway. It should be done by the number of cars on there, and how much it costs per vehicle-mile, because that is what pays off in the long run.

Mr. CLARK. Mr. Chairman.

Mr. FALLON. Mr. Clark.

Mr. CLARK. Mr. Carey, I am sure, wants to bring out to this committee that by the end of this program we are going to have to initiate a new program in order to carry on the heavy road traffic which we will have in 1975. The minute this program is finished we will have to anticipate doubling the traffic again for 1985, so our program will be a continuation of the program we now are starting, or started in 1956.

Mr. SCHERER. I don't think anyone is in dispute on that.

Mr. FALLON. I think we will have this program expand long before what we planned to do in the 1956 act is carried out, because of the trust fund income. That is what this program is predicated on—the income.

Mr. CRAMER. Mr. Chairman.

Mr. FALLON. Mr. Cramer.

Mr. CRAMER. I am glad to see Mr. Carey again.

Mr. CAREY. Mr. Cramer, it is good to see you.

Mr. CRAMER. We met at St. Petersburg and discussed the Landrum-Griffin bill jointly and separately.

Mr. CAREY. It was a very interesting debate. We ought to try it again.

Mr. CRAMER. It was. I thought it was very interesting.

I have just a couple of questions to ask, mainly because most of the questions I have been interested in have been asked of other witnesses.

I do not want to belabor the record, but on page 6 of your statement you referred to the bogeyman of States rights, and so forth, as the answer to every socially desirable piece of legislation. I do not think by that you would mean to imply, however, that those who are

concerned in the public works field or area about types of programs that encourage the local communities to go ahead and accept their responsibilities are raising a bogeyman along the lines you suggest. There are some $20 billion a year of State and local public works that must be done. The Federal responsibility and Federal injection into the area should be to encourage the local communities and States to do more of this themselves, since it is obvious from the figures cited that the Federal Government itself could not do it. Therefore, there are those of us who suggested Federal grants and matching be used to try to encourage local governments to accept their responsibilities. You would not quarrel with that approach, would you?

Mr. CAREY. No, I would not. I emphasized here, this would tend to make it possible for the State governments and municipalities to do the things they would like to do, and which they find necessary, but are unable to accomplish.

Mr. CRAMER. So when you get into the area of Federal grants 100 percent for all types of local public works projects, including recreational facilities, which are admittedly needed, perhaps, but where the question arises do they have a high enough priority for the Federal Government to put in 100-percent money into golf courses, swimming pools, and so forth, that is an area where Congress should take a mighty close look before they get into a 100-percent grant for those lower priority type projects, don't you think?

Mr. CAREY. Congressman Cramer, I think the Federal Government——

Mr. CRAMER. That is what this bill does, the $2 billion bill as well as the $600 million bill.

Mr. CAREY. And it also provides for direct projects by the Federal Government.

Mr. CRAMER. Yes. It provides for 100-percent Federal money for local projects, which even at the local level do not have as high a priority as schools, or fire stations, or police stations, and so forth.

So if the Federal Government is getting into those lower priority projects with 100-percent matching or grant money, it is certainly an area where those of us who have the duty of trying to instill some fiscal responsibility or sanity into our own Federal budget—and considering that we have problems just the same as the local communities do budgetwise—it is an area where we should take a mighty close look at such an approach, because we are going into an area where Congress never went before with the Federal Government.

Mr. CAREY. It does not necessarily mean that Congress did the right thing in never going in before. To take the figures you refer to; a great number of our youngsters are educated in the rural areas with inadequate facilities, but they move into the urban areas and actually many of our rural areas are subsidizing the educational needs of the population in our cities.

I would suggest that we take a good, sharp look at the proposition to see whether we have a fair apportionment of the cost of education, and I would say that the Federal Government has a responsibility and we have to recognize that we must educate the children where the children are, and we must get the money to finance them where the money is.

Mr. CRAMER. My question is not directed toward getting into a discussion about Federal aid to schools, or school construction. What I am asking about is this 100-percent Federal money for swimming pools and golf courses.

Mr. CAREY. Sir, any recreational activity is an important responsibility where private initiative and private enterprise cannot handle it.

Now, it is an advantage to the people in the District of Columbia, and for the operation of Federal monuments, even if they may be in some very distant area, just as it is for those citizens who have the opportunity to come to the District of Columbia as part of the recreational and educational opportunities available for all citizens.

Mr. CRAMER. Of course, you are not answering the question, as I see it. You are not responsive to the question, which is that if there has to be a choice between hospitals and other top priority needed local community facilities, then that is where the Federal money should go rather than into this proposal of spending 100 percent Federal Government money for golf courses and swimming pools. Isn't that right?

Mr. CAREY. I would say, yes, sir; but not to use one as an excuse for not doing what is necessary.

Mr. CRAMER. The other point I want to discuss with you is this question of the slow-grinding wheels of Congress. Of course, President Eisenhower asked for very substantial increases in public works in the previous recession in 1958, and in 1958, according to the Bureau of the Budget's figures, as I recall it, there was almost $3 billion worth of public works accelerated, or new projects brought into effect. 1959 had an excess of about $3½ billion. In 1960 there was $4 billion of additional public works, according to the Bureau of the Budget.

Does that not pretty much indicate, along with your figures, that $600 million, even if all spent this coming year, would only mean an employment gain of 225,000, and if translated into the 4½ million unemployed it would mean we would need $18 billion of expenditure if you are going to meet this problem through public works, and that is not really a long-range or substantial answer to the question.

Mr. CAREY. Sir, I happen to be one who greatly admires some of the recommendations made by President Hoover. He made some splendid recommendations, but they were not adopted, and he was a great man with a great mind. I think we have kept our sights too low in the last 8 to 10 years. In fact, I would go so far as to say that people sometimes forget the early days of the New Deal were 30 years ago. They sometimes look at that as the great peak period.

I would think that when we have to participate, as you do as a Congressman, in supporting such programs as a missile program, which is equal in amount to the whole Marshall plan—and you know, of course, that that was something that we did not even dream of prior to that period—but in this changing situation and in the face of the international competition that I refer to of a political character, we have to get our house in order, and we have to give some consideration to balancing the budget of the people of this country.

Mr. CRAMER. That is exactly what I am talking about. You are suggesting we spend $2,600 million. How are we going to balance the budget that way?

Mr. CAREY. Sir, I am suggesting that, recognizing that it is not adequate to meet the needs. I am suggesting that as a good step in the right direction. I am not suggesting that we ought to stop thinking about the problem of unemployment if we enacted the best features of these two bills, because it takes care of, let us say, 225,000 people, and provides employment to them that they otherwise would not have. I think we have to take a good, sharp look at the whole situation and see whether or not we aimed too low in the past, and see whether or not it is to the interest of this Nation to ignore growing unemployment during periods of rapidly increasing production.

We have to take a good, sharp look at the whole situation to make sure that we can adequately, defend democracy and its principles.

Congressman Cramer, I am just suggesting that President Hoover made some suggestions, some of which were adopted and some were not. President Roosevelt made many suggestions, and many of them were frowned upon and many of them were adopted, but that is 30 years ago or more. I may feel strongly about this because I made the mistake of leaving school in 1929, but I am not one to blame the whole depression on President Hoover. I suppose we all have to share some responsibility for not having adequate tools in being that could stop this onward rush.

Mr. CRAMER. All right. Let us see what those tools are. How about tax cuts? Why this 5 percent proposal by the President for tax cuts? Congress can act in a very brief time on tax cuts. Congress can act to meet emergencies, and it has. Just the other day we passed a bill to meet this storm damage emergency. In 2 days the legislation was passed providing substantial financial assistance to those communities taxwise and otherwise.

Mr. BLATNIK. Off the record.

(Discussion off the record.)

Mr. CRAMER. But if there was a serious unemployment problem, Congress reacted, and reacted fast, and reacted substantially. We passed a reemployment bill, which I supported, just the other day—a few days ago—which Congress acted on very expeditiously. We passed the Area Redevelopment Act last year with $90 million in it. We passed the Community Facilities Act, with over $3 billion last year, to help you.

Mr. CAREY. And do we have a chronic, mass unemployment problem?

Mr. CRAMER. That is a question you should answer.

Mr. CAREY. Well, that is a question I attempt to answer. The unemployment rate in this country is much too high. We used to have one big depression, like in 1929. Now we have it down to where we are having a lot of little depressions. Instead of one every 7 years, we now have them one every 2 years.

Now, Congressman, we have a mass unemployment problem, and it is of a chronic nature.

Mr. CRAMER. Let us say that there is agreement on that. Now let us get to the next point.

Mr. CAREY. The next point is——

Mr. CRAMER. What should be done about it?

Mr. CAREY. The next point is, what should be done. We should immediately enact this legislation. That takes care of part of it. And

the standby tax-cut authority possessed by the President under the pending tax bill also would provide quick velocity dollars going into the economy where it is needed most, just like the public works program would.

Mr. CRAMER. Yes, and Congress could pass such tax cuts within days if the economy needed it and if the President needed it and saw fit to recommend such measures.

Mr. CAREY. I am sure Congress could enact these two bills, but these are long overdue.

Mr. CRAMER. The risk in these bills, as I see it fundamentally, is delegating to the President the authority that Congress now has, and on which Congress can act expeditiously when and if an emergency exists and the President so requests. As a matter of fact, the President today himself has authority to accelerate the existing public works program the administration has, for which it already has billions of dollars appropriated.

For instance, if the President wanted to do something and labor wanted to do something about unemployment, why do they not insist on the President reinstating the $300 million for direct Veterans' Administration loans, which would mean an additional home construction outlay now, this year, to the extent of $300 million more? That is an industry which would bring about additional substantial employment. That is one example.

Mr. CAREY. Congressman Cramer, I have taken the matter up with President Kennedy very recently, dealing in different words, but on the same subject you just mentioned. I do not think enough is being done. I do have a criticism of the President. The President, in the administration bill here under consideration, is attempting to get something that is so reasonable and which should gain supposedly ready acceptance on the part of the Congress, but they shoot too low.

Mr. CRAMER. What have you said to the President about cutting off the $300 million for direct Veterans' Administration loans? There is a place to put people to work and to do it now with money already appropriated.

Mr. BLATNIK. Will the gentleman yield? I would like to answer that question.

Mr. SCHERER. I would like the witness to answer it.

Mr. BLATNIK. May I answer that question?

Mr. CRAMER. You cannot very well answer what the witness will answer.

Mr. BLATNIK. Will the gentleman yield on that point?

Mr. CRAMER. Yes.

Mr. BLATNIK. I do not understand why the gentleman insists on a specific program like the Veterans' Administration program. I am all for it being accelerated. I am not opposed to that and I am sure there are needs for it, but the Veterans' Administration program I would say is primarily or, I would say, entirely directed to providing of Veterans' Administration loans in rural areas where the regular banking institutions are not readily available.

Let me give you an example of how it would not help one iota. I am from northern Minnesota. In my unemployed area we have distressful unemployment conditions. If the President had the authority to use some of those funds that were lying unobligated or

idle it would shift it to the area where the unemployment needs are the greatest as spelled out in this bill, and where it would meet an essential public need and would do far more good for the amount of funds involved. We need a $1 million waterworks system badly in my hometown.

There are other communities that need low-cost old-age rental units. Other municipalities need libraries. We have old, beat-up, rundown, dilapidated fire halls and police stations, and village and city halls 60 years old, which are falling apart. So why would the gentleman be for giving the President authority and allowing him to accelerate spending in one field, but not in another?

Mr. CRAMER. He already has that authority. That is the point I am making.

Mr. BLATNIK. Then why should you object if he would use his discretion and use his authority and apply it to the area where it is most needed, both in terms of unemployment and the type of facilities needed?

Mr. CRAMER. The President has authority today, which is exactly what I am saying. I cannot understand why labor is not insisting on his using the authority he already has.

Mr. CAREY. Congressman, if you will understand me——

Mr. CRAMER. Just a minute and let me finish my question.

Mr. CAREY. But don't misrepresent the position of labor.

Mr. CRAMER. There is $300 million which is not being spent now by the Veterans' Administration, that is being impounded. There is one area which causes more employment than any other; that is, home construction. If the President wants to say, all right, this $300 million should be used primarily in the area of home construction, I have no quarrel with it, but I am asking for him to spend more money than he already has. Why hasn't he insisted on spending more than $1 million out of the $90 million available for redevelopment that is presently already appropriated. Why hasn't he spent more than $150 million of the $650 million available for community facilities on a 40-year loan basis? Many of these things you are discussing, and that is what disturbs me. He has the authority and is not using it. Why doesn't labor say something to him about that?

Mr. SCHERER. You know why he is not using it. There is not enough actual cash in the Treasury to permit those expenditures at this time unless we raise the debt limit and borrow more money. That is the reason why.

Mr. CRAMER. You cannot have your cake and eat it too. If you appropriate this money he will have to ask for an increase in the national debt.

Mr. SCHERER. I am saying he does not have the cash.

Mr. CRAMER. He has already asked for a $3 billion increase in the debt limit.

Mr. CAREY. You understand, gentlemen, I haven't had a chance to answer your question.

Mr. CRAMER. All right. Let us assume there is a need for public works, and let us assume there is substantial unemployment. Then the question is why aren't our present tools being used by the administration to do something about it with billions of dollars now available to be spent, and why isn't labor insisting on his doing it?

Mr. CAREY. Labor is insisting.

Mr. CRAMER. You sure aren't getting very far.

Mr. CAREY. But I cannot understand, Congressman, why you are reluctant to give the President the additional powers and the additional tools, if you criticize our President because he is reluctant to use those he already possesses.

Mr. CRAMER. That Congress has already given him. Yes.

Mr. CAREY. That is right. We do have to have a balance in this proposition if what you term "fiscal responsibilty" is to be brought into the area of Federal expenditures.

Mr. CRAMER. So what is the answer? Should we appropriate more money, instead of using money already appropriated?

Mr. CAREY. No, sir. I think that the President ought to be more responsive to the insistent demands that labor makes upon him, just as I think you and other Members of Congress should too; but you understand we have only persuasive powers, so we ask you and the other members of this committee to join in anticipating the needs of the people of this country, and we also ask that you give a sharp look to the immediate needs. I am not suggesting and that is why I criticized the administration bill, about the triggering mechanism. The administration recommendation was not as good as the bill proposed by Congressman Blatnik in that regard.

Mr. CRAMER. All the President has to do if he wants to trigger additional spending in any public works field now authorized by Congress is to present a message to Congress saying, "We have a serious unemployment problem and need more money in housing, and the areas you mentioned, in hospitals, in home construction, in public facilities and community facilities, and loans to community facilities that we are planning, and we need more money in public works on the Federal level for post offices and public buildings. We have an emergency situation. Give us more money." And he would get it. But this authority he is asking for now is saying, "We want this power to spend on the executive level rather than coming to Congress to get it."

There is a difference there, and a difference of opinion.

Mr. CAREY. Congressman, we found that the President was in complete agreement with statement you just made, and I don't doubt that he will provide recommendations, and I do hope he gets that kind of encouragement and the bills get enacted, and I will say that the immediate enactment or recommendation of this committee to the Congress would be an encouragement in that direction.

We think we need to have an immediate public works program. It is in the interests of the future of our country. It is not just a question to be batted around by people who hold somebody else responsible. I would contend, sir, that we all have a responsibility, and I do have confidence that the President recognizes the urgent need of the people of this country, especially in the area of that problem of unemployment.

I do think that together a better job can be done than was done in the past. Congress has enacted legislation in the past. In 1947, the Full Employment Act. If that were put into effect and actually implemented and applied as a team in this Government, it represents the concepts we have in mind when we support the principles contained in these two pieces of legislation.

Mr. CRAMER. I do not have any objection at all, I might say to you, Mr. Carey, to having standby inventories ready to be put to work immediately on the request of the President, to trigger them immediately on some formula—the soundest formula we can find—to show and to indicate that there is unemployment. However, when it comes to deciding who is going to put the money into it, and how much money, and in what areas, the President should recommend to the Congress we should appropriate the money and make the final decision, and we will do so expeditiously.

There is the difference between the two.

That is all, Mr. Chairman.

Mr. MCVEY. Mr. Chairman.

Mr. BLATNIK. Mr. McVey.

Mr. MCVEY. Mr. Carey, you said that you felt everybody had a responsibility here. Personally I do not feel many labor leaders are meeting this responsibility. I mean, it seems to me that there should be an attack on the direct cause of these unemployment periods. I don't think that this bill, whether we pass it or not, that this public action alone is going to solve this problem.

To be specific, I do not think we can continue in the face of our foreign competition to have labor in this country simply strike for more wages and shorter hours. It seems to me there should be some give and take.

Would you like to comment on that?

Mr. CAREY. Yes, Congressman. I would like to join you in your criticism of the labor movement in this country. We have not been aggressive enough. We have allowed our production to outstrip our ability to buy back the goods we can produce in such abundance. I don't think the labor movement has been militant enough. It has permitted practices in industry that are harmful to our economy; and I must say in my own industry itself, despite our best efforts we had our biggest companies conspiring against the Government and actually engaging in violations of the law, and finally, after considerable effort on my part personally, and on the part of others, we called them to terms to try to make them fully understand the harm they were doing.

You mentioned foreign competition. Well, we can produce the turbogenerators in this country at far less than the price that these companies in their conspiracies charge the U.S. Government. It is a shocking thing that it took 10 years of effort to try to get that practice abandoned that has stifled our growth as a Nation and reduced our ability to defend ourselves, and has resulted in a great, broad unemployment. Our economy is not growing fast enough, and the labor movement has a responsibility to see to it that we insist to our Representatives and to our Congress and to other public officials that more be done to meet the urgent needs of these people.

Sir, I won't go along with you in the idea that perhaps you may entertain a notion that high wages are bad for our economy. I don't agree. I know that we have the most productive people in the world in our plants.

Mr. MCVEY. But you are already sitting here telling us there are a lot of people unemployed in spite of that, and I say that there are other causes than one or two companies conspiring against the Govern-

ment. What about members of your union who might strike on a missile base? Isn't that a conspiracy against the Government?

Mr. CAREY. No, sir, you picked the wrong witness, because I happen to be the president of a union that has people working on the missile bases, and not a single solitary member of our organization has been involved in a strike on a missile base.

Now, sir, is that not a correct statement?

Mr. MCVEY. Well, I presume so, and I will answer that statement, but just the same, people have struck on missile bases.

Mr. CAREY. Don't you think that is a perfect record, Congressman?

Mr. MCVEY. And all I am trying to say is, there is an equal responsibility on behalf of labor as well as business or management, if you wish to call it that, with the Congress. I think it is an equal responsibility. I think there is more than one way to get at it.

You talk here about some of the legitimate objections to this bill. I notice you fail to mention the biggest objection, which is patronage. Don't you know that if a President starts a public works project within 6 months of election the chances are he is going to pick up a lot of votes, and therefore any President is going to have a tendency at least to strengthen his political position through public works? Don't you consider that an objection?

Mr. CAREY. I consider anything that is done for the good of the people of this Nation, and its future, deserves votes. I do believe that, as I did mention in my testimony, there are criticisms of public works programs. Sometimes they are criticized because they are hard to get started, but once they do get started they are hard to stop, and I contended that is a legitimate criticism; but I also went on to assure you that the program as set forth in this legislation is a program that should be engaged immediately, or upon a triggering mechanism that is sound, and a formula that should be contained in legislation to guide the President and to guide the rest of the people in its operation.

I am not against people voting for Congressmen who are aware of the needs of the people, or our President, and I think in this legislation here now pending that there are a lot of votes.

Mr. MCVEY. But are you then in support of the President's controlling the people through patronage, or the placement of jobs?

Mr. CAREY. Sir, I control one vote—my own—and I attempt to deal on the basis of the issues before us. I am subject to election too, and I have been elected and reelected to office in the union representing people, and I like to suggest that as we render service and as we are right in our approach to these questions we will gain support; and if we are wrong then we ought to be removed, or at least not reelected. I think there is good in this for everybody, especially those that vigorously support the legislation; but I am not standing on a soapbox denouncing my Government, or my President, or anyone else, but I am just attempting to strengthen the economy of the United States in a very chaotic world.

I do think these things ought to be measured on the basis of, are they good for the people of America, and if so then the question of patronage does not come into the picture as directly as that.

Mr. MCVEY. Sir, in your statement today you say you are here representing 6 million industrial workers and their families. If you can control them that is certainly a potent political force.

Mr. CAREY. I promise you, sir, I make no effort to try to control them. I make efforts to try to inform them, and if you come out as a champion of the things that are needed by the people of this country, your report card ought to be reviewed by your constituents, just as mine is.

Congressman Cramer and I debated this issue.

Mr. CRAMER. And mine was reviewed too. Right thereafter.

Mr. CAREY. Congressman, I never realized that we had so many strong supporters among your constituents except as to see them. And I appreciate the fact that you and I discussed a different point of view right before your constitutents. I think it has added immeasurably to both of us.

Mr. CRAMER. It helped me.

Mr. DOOLEY. Will the gentleman yield?

Mr. BLATNIK. If the gentleman is through we will recognize you. Mr. Dooley.

Mr. CAREY. Congressman, you have to understand that is a very nice thing Congressman Cramer just said—that we helped him. If I was of any help to Congressman Cramer, it was strictly unintentional.

Mr. DOOLEY. A very knowledgeable witness testified previously, a few days ago, and indicated that historically a program such as this may serve as a retarding influence because the communities which have programs all arranged and planned hold them up until they get Government subsidies, and sometimes they are not the subsidies they are looking for. Do you have any comment on that viewpoint?

Mr. CAREY. I just know that is not true.

Mr. DOOLEY. It is not true?

Mr. CAREY. That is correct. I think that the help they get from the Federal Government through the enactment of this legislation will be an encouragement, and it will give new life to some communities. I don't know of a single businessman that would object to increased opportunities on the part of business, and I must admit that although I am a labor leader, as Mr. McVey certainly knows, my father was the secretary of a chamber of commerce, and he was also paymaster of the Philadelphia Mint prior to that. He thought it would be good for the community in which he lived to have an expansion of activity. He was in favor of measures of social improvement, and so forth, and he has made, in my opinion, a good contribution, to my way of thinking.

Mr. DOOLEY. We all think the objective is fine, but the approach and method of attaining that objective is what I am thinking of, and what may be the best way to do it.

Mr. CAREY. Sir, we would consider any better way. I lend my support to this wholeheartedly, and without reservation.

Mr. DOOLEY. I commend you on your statement. I think it is very forceful and logical and well thought out.

Mr. CAREY. I don't see how anybody can be opposed to it, frankly.

Mr. BLATNIK. Are there any questions on my right?

Mr. EDMONDSON. Yes, Mr. Chairman. I am sorry that I had another committee hearing that prevented my being here and hearing Mr. Carey's testimony, but I have had his statement and it is a splendid statement, I think.

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I would like to commend him for leadership that his union has shown in this matter of getting continuous production at the missile bases. I think you have had a remarkable record on the bases, from my own information about it, if that is accurate, and you are deserving of a great deal of personal credit for it.

Mr. SCHERER. Do you agree with what he said about highways, in view of the record of this committee?

Mr. EDMONDSON. I haven't read that particular point. What is the statement on highways you disagree with?

Mr. SCHERER. We have discussed that already this morning at great length.

Mr. CLARK. Mr. Chairman, I want to say that I agree with Mr. Carey in his statement about the highway program. I think I have pointed out the minute this program is finished they are going to start on a new program. We will have to in order to take care of the increasing traffic on our highways.

Mr. SCHERER. Nobody will disagree with that.

Mr. CLARK. I think everyone here will agree that in the next 10 years we are going to need at least four interstate highways running north and south in this great country of ours, and we are going to have at least two running east and west to take care of the traffic of this country. Personally I don't see a thing wrong with the statement about the highway construction program, but as just pointed out, the fact is that this is going to be an ever-increasing traffic problem in the United States, and we are going to have to do something about it continuously.

Mr. SCHERER. I agree with you.

Mr. EDMONDSON. Since the gentleman from Ohio addressed his question to me, I have had the opportunity to read the one sentence in the statement which deals with roads. I certainly concur wholeheartedly with the statement concerning roads. I think we are behind in our roadbuilding program and I do not think there is anything that was ever developed in this committee that said otherwise.

I am amazed at the question in view of the statesmanship of my friend from Ohio.

Mr. DOOLEY. Will the gentleman yield?

Mr. EDMONDSON. Yes.

Mr. DOOLEY. I think the beneficent effect on our highways is not evident around cities like Los Angeles and Washington, Mr. Carey, and I agree with you that there is a need for more of it there. By the time they are built they are overcrowded. I noticed that in California and in Washington, as I have seen it, and there are long distances when you take trips across the country.

Mr. BLATNIK. If there are no further questions——

Mr. EDMONDSON. Mr. Chairman, one further question.

Mr. BLATNIK. Mr. Edmondson.

Mr. EDMONDSON. I would like to say a word of personal appreciation of the witness this morning. There has been a lot of talk and comment by commentators and others about the problem of bad influences in the labor union movement. I think the gentleman before us here today is a man who personally has done more to establish the high level of leadership and responsibility in the labor union movement than any other man I know about, and I think he is a man who

has led in this field. His words will also carry a good deal of weight before this committee, and that comes from the heart, too, with respect to this witness.

Mr. CAREY. Thank you, Congressman.

Mr. BLATNIK. Mr. Carey, the Chair, on behalf of the committee, commends you for a very pointed, solid, and effective statement, and for your participation in helping us to build a record and focus the attention of the Congress on a problem that I think we can no longer avoid. We have avoided it for far too long. There is no reason why in this great country of ours with its great capital and available industrial capacity and capability, with the great reservoir of skills in our working men and women, and with our vast managerial skill, we cannot keep producing and taking care of the domestic needs that ought to be met, and which can be met, and still produce the material wherewithal to give substance to our foreign policy, our military preparedness, and our economic well-being.

Thank you very much.

Mr. CAREY. Congressman, could I say a word?

Mr. BLATNIK. Yes, sir.

Mr. CAREY. I have been testifying before congressional committees as a union officer since 1934, and I want to say a word of thanks to this particular committee, to both sides of the desk, for their attention and their attendance, and their consideration to this kind of legislation. Thank you very much.

Mr. BLATNIK. I appreciate your comments.

Our next witness is Dr. Spencer M. Smith, Jr., of the National Citizens Committee on Natural Resources.

Doctor, we welcome you again this morning, as on many, many other most friendly and interesting occasions.

Dr. Smith is a great friend of ours in the area of public works and resource use, and we appreciate your appearance this morning.

STATEMENT OF DR. SPENCER M. SMITH, JR., NATIONAL CITIZENS COMMITTEE ON NATURAL RESOURCES

Dr. SMITH. I apologize to the chairman of the committee for not having mimeographed testimony before the committee. Our organization has only part-time help, and these clerical efforts sometimes come on apace, and we are simply unable to keep up with it.

As the chairman indicated, I am the secretary of the Citizens Committee on Natural Resources, which is a national conservation organization, with offices in Washington, D.C. We appreciate the opportunity of appearing before this committee to offer our views that are relevant to H.R. 10318 and H.R. 10113. Quite frankly, we prefer H.R. 10113 because it does establish an Office of Coordinator.

The reason for this, which I will develop a little bit more, is in the field of natural resources whenever a measure such as this, and which is all encompassing such as this, and pervasive, comes before the Congress, the natural resources improvements quite often get left out.

We do feel the Office of Coordinator might very well help to pinpoint and head up some of the direction of this expenditures offered in this bill.

My comments very briefly will be relevant to several points. I think that the bill is reasonable, and I think one of the problems as far as meeting this depression is timing and adjustment. One of the most difficult things is to deal with the kinds of depressions we have had since 1946, or since World War II. I find myself constantly in various discussions being informed that the depression is not so bad. Something like a patient having a serious festering sore which responds to treatment, but never gets completely well.

I see no reason at all for our comparing the worst periods of our country's history in the thirties rather than the best ones. I think the shortrun aspect of these depressions which come on somewhat briefly, but which are abrupt and have not been significantly in depth, indicates we have learned something since the thirties, I hope, but they have a festering influence.

I would like to recite these influences that are most appropriate, especially to this committee: 6.8 percent of our labor force was unemployed in 1958, and it has been hovering close to around 6 percent, or in that area, ever since.

One of the difficulties, it seems to me, is calling attention to people that are given a lack of utilization of abilities in the economy. It is one of the most significant and costly items we have. I have heard a great deal of discussion about a balanced budget. While I don't want to indicate my modesty too much, I was contending in 1956 and 1957 and was making predictions then when there were being serious cutbacks on the part of the Federal Government. It was my contention at the time, and I was joined by a number of economists of quite mixed political persuasions from all walks of life, that these cutbacks were occurring at a time when, in all probability, private capital and investment and consumer expenditure was not going to be significant enough to overcome these cutbacks in Government expenditures.

I made the prediction in front of a congressional committee in late 1956, and I was frankly laughed at because I indicated in all probability this among other effects would result in a deficit some time in late fiscal 1957 or 1958, of somewhere between 10 and 12 billions of dollars. They wanted to know how I arrived at this, and what kind of alchemy in reverse I was using in the cutbacks in Government expenditures. The answer was that they were going not to offset the cutbacks in revenues that would be lost as a result of unemployment. As you know, the actual deficit in 1958 was approximately $12 billion.

This is important in another way. I think we burdened our economy, besides losing the work that could be done and besides losing the various goods and services that could be produced, and those values, we burden it due to the necessary involvement of unemployment compensation and a variety of other measures.

Also I would like to mention that we have learned a great deal since 1933, and since 1929. All of the difficulties we have had and the mistakes we obviously made in attempting to combat the recession the thirties has taught us something. But many of these built-in stabilizing influences which are often testified to are not meant to take the sort of jolts and bumps that we have been receiving in 1953, and 1956, and 1958, and to some extent in the early part of 1961. I think they are supplementary and connected to things that have to be done. It

appears to me that as long as we have the many things that do need to be done we ought get cracking and do something about them.

I am appreciative of the problems this brings on us. I grew up and was educated in a little town in western Iowa and I have attended a good part of my college time at the University of Iowa where I received academic training. My parents, and all my family are farmers, and one thing they have great suspicion about is the Federal Government. They are very upset about the Federal Government's activities, but it unfortunately comes down to the fact of whether you want certain actions to be taken and whether anyone else can take them. You are often given a choice which is not nice to take—a choice as to whether you want activities achieved and programs carried out or not. I think we are in this position and I think that the history since World War II is somewhat indicative of it.

I would like to mention a word about timing and adjustment. I do not want to draw too much on my own personal background because it is not all relevant, but I have had two experiences I would like to mention.

One was trying to operate in a price control agency which is an attempt to marshall our resources for war. Again, trying to get rid of them and returning any resources you have committed to war to peacetime pursuits. The problem of an adjustment in an economy such as ours, which is large and varied and has a tremendous amount of industrial complexity, is an enormous task. I would like to think that we can make these adjustments rapidly, and certainly relative to the problems in hand, but the timing of something like public works is desperately important. I have heard the discussion that where it was said the Congress can act swiftly. One of the difficulties in that is that this is a real educational problem as far as people are concerned. I don't know whether Senator Douglas made up this old saw, but it is the first time I heard it. Then someone asked what is the difference between a depression and a recession and he said, "If your neighbors are unemployed, it is a recession. If you are unemployed it is a depression."

When we have 4 or 5 percent of unemployment you may not be able to get the attention of the entire economy to how serious this amount of unemployment may be.

I do not want to indicate that Congress acts independently of what the people think because I do not think they do, but the difficulty of trying to draw attention to something before it happens in order that you can somehow obviate it, is difficult. I know in 1949 you will recall we had a slight depression and had what we call public works programs most of which were put together immediately after the war. We were busying ourselves to prepare for the great depression in 1946 and 1947. So we had our public works programs pretty much ready and they were to be triggered whenever we needed them. We had the recession in 1949 and we said, "All right. Call forth the public works programs off the shelf." Well, we found they were pretty dusty and inoperative and would not be applicable to the situation at hand. Then the word went out, "Don't worry. They will have Congress debate the problem of authorizations and we willl have time to get ready for it."

In the light of this I would like to put a one page document or chart by Professor Woytinski, which on page 17 indicates the problem

of timing and how much can be saved if we act speedily in a particular instance. I think this is important. If we do have this legislation and authorization to the President, and with the triggering mechanisms quite carefully spelled out, this will have to place all agencies that come under this jurisdiction in a constant state of readiness and alert so that these programs are applicable and that they are needed and can be implemented.

In addition to these problems, I would further like to indicate we feel pretty much left out of all this and I don't think any group in our society has been postponed as much as the people who are interested in natural resources. As someone said the other day in response to a statement by a member of a committee, if we are going to be postponed again we are going to be postponed out of existence. The capital improvements needed in natural resources according to the Department of Interior estimates, indicate there is $200 billion needed in investment now. It is understandable. In the 1930's, the last decade really that we gave serious attention to refurbishing and really making the necessary capital improvements in our natural resources, we were postponed because of the obvious conflict of the war effort. Immediately after the war there was inflation and Government expenditure had to be reduced to fight inflation. Once again requests were turned down. At just about the time we were ready to get moving in 1949 and 1950, Korea came along and we were postponed again. In the 1950's, when it looked like it would be a short sharp recession in 1953 and we thought we had gained some new sustenance for the interest of the people, we became involved in the cold war and it was postponed again. In this particular instance in the last few sessions of Congress, and even under the New Frontier, I might add, we have been postponed again on the basis of the missile race and difficulties in our foreign situation such as in the Berlin crisis.

So I can say to the committee honestly that if any segment of the economy has been postponed more than natural resources I don't know what it could be. At the present time it is almost criminal the kinds of needs that exist on the public domain lands which are owned by the United States. That may very well be our salvation in another century. The water loss and the soil erosion is tremendous. The fact that you can fly over the forests and other lands of the public domain in Alaska and see forest fires consuming billions of board feet of timber and no man making any effort to put it out—it will burn until it burns out—the loss of this is just incalculable. We need desperately for our Nation's forests and for our public domain lands to have a great deal done. This is all of the land that the Federal Government owns itself. I am not talking about the small watersheds and other activities that should be taken care of individually, but those on Federal Government land. We are so desperately far behind that when we do get ready for the increased needs of legislation with regard to this land, the capacity and the ability will not be there. Anyone who seriously considers expenditures of this type has an enormous problem in front of him. That is why we hope there is a coordinator on this program, Mr. Chairman, because we do not want to be postponed again even in spite of the fact that there are other very needed and worthwhile activities. We think it may bring about some help in planning the expenditure of this money because we have a Federal

Government the size that we do have and we have a problem of supporting a public roads program on the one hand, and supporting an open space program on the other hand. After we help a community to preserve an open space and have public roads, we have the rather ridiculous situation of having a public road driven right smack dab through an open space. So I believe we do need a coordination on the part of the Federal Government.

Mr. BLATNIK. If the gentleman will yield. Another illustration of this is something we ran into in a Western State. In a narrow valley an agricultural joint Federal-county project was planned. The State planned to route a major highway through the same valley; the Federal Government planned a dam which would drown out both road and agricultural developments. None of the three initially knew of the other plans. This is just one example of how Federal and State and local instrumentalities lacking communication and coordination were unaware of what each was doing and that their projects were in conflict.

Mr. SCHERER. That is one we haven't heard about.

Mr. CRAMER. It sounds like a pretty good argument against creating another agency.

Dr. SMITH. I appreciate the gentleman's comment. The difficulty is not creating another agency. The work does not get done, but getting the work done. I want it to get done most efficiently and I think a coordinator may very well help. I have a certain historical and almost congenital reaction to this kind of what I might call multiplicity of Federal activities. It just seems to me if it could be done some other way I would be more than happy to do it, but I am convinced it cannot be.

Mr. CRAMER. Of course you realize the administration testified in opposition to the office of a coordinator and setting up this new agency under the proposal of the gentleman from Minnesota.

Dr. SMITH. I am a little reluctant to be somewhat nasty at this point, Mr. Cramer, but if you will recall President Kennedy testified in front of many, many groups of people throughout the country that we were going to have a Council of Natural Resources Advisers. I don't know what happened to it but we are still waiting for this Council of Natural Resources Advisers. I think the New Frontier is a great thing. I just wanted to get out to the New Frontier. That's all.

Mr. CRAMER. It's something like the other 200 proposals made.

Dr. SMITH. I am not complimenting them. I will leave the compliments to the gentleman from Florida, but it is one of the things that we have needed for a long time. We need to have some real serious help and I don't know that it requires an agency necessarily as much as it does a public conscience in protecting the public parks. We are desperately concerned with some of the park land. Visitations are going up and crowded conditions are such that we need to protect what we have and expand in that area where we have park conditions. There are not very many of these areas left. I will grant you that. Not with the grandeur of Yellowstone, certainly, but these kinds of things need to be brought to the attention of a coordinator, and Congress in its wisdom to act. I hope that that is one recommendation of the administration the Congress will not take and that they will establish a coordinator.

Mr. CRAMER. Of course these things proposed under the $2 billion proposal, let alone under the $600 million proposal, are short range in nature.

Dr. SMITH. Yes, sir.

Mr. CRAMER. Your problems, your major problems, are long range. You need a well rounded long-range total program on resources. This is not that and you are not insisting that this is that, are you?

Dr. SMITH. I could not agree with you more but we are at a place after 30 years where we will grab at whatever we can grab at. This is an area of public land. We can split it up into 12 unit items all day long and split up any program on the national forests into 12 units. It does not make any difference. We have enough work for 50 years. We can splice off 1 year and qualify for this program, so we are all for it.

Mr. CRAMER. The only other thought I have to comment on your statement is I am disturbed about the whole approach on the discussion of the people and their decisions and the action by Congress. It is my position that the people represented through Members of Congress should insist upon, and I think most of them do, that the Congress is the legislative branch of the Government and it should retain its functions under the Constitution of appropriating money and authorizing the programs. I hesitate to turn that function over to the executive branch of the Government although I would agree with a standby inventory authority, but when it comes actually upon the President's request to put it into effect and determine how much money and what programs, that is the prerogative of the Congress, and I shy away from any suggestion that the people through their Congressmen cannot or are unable to, or are unwilling to make these decisions, when they certainly made them expeditiously in 1958, for instance.

Dr. SMITH. The only thing I have to say is I would assume here this authorization would constitute an authorization that would be granted under law to the President to act in individual situations. I am not going to try to suggest when you do this that you do not give up some congressional prerogatives. Of course you do. The issue simply boils down to the fact is it necessary or is it significantly important enough to do it in this instance. Maybe I speak as being an economist, who are always worried about inflexibilities and not being able to act soon enough, but in this instance I think it might be more of a saving. I think many of these particular problems, if they are hit and hit hard and quickly and expeditiously in the very early stages in most instances you can blunt the serious effects of this.

I am not saying—I guess what I am saying is this: If you have 5.2 percent of people unemployed I am not at all sure that you are going to get them up in arms to the same extent that the Berlin situation would, or that 10 million unemployed would. In our economy with our people there are so many of us at this time that before we get really cognizant of what happened we are well into the problem. I think I automatically assume we are going to have rational high integrity management of this program and I would assume in response to a statement I heard made to the witness who was on before me, that any President will not take precipitous action around election time when the economy does not require it. Maybe I am an idealistic

naive person to think that, but I cannot think that a President will go ahead and distort a situation and use public works.

Mr. SCHERER. Actually the President does not. You would not attribute it to the President himself, but the President does not make the decisions as to where public works projects should be placed. He does not make those decisions, but they are made by subordinates who are maybe not as altruistic as he is or you are.

Dr. SMITH. What I was thinking was in respect to the timing. I would assume he would make the decision as to timing—as to where it goes, I am sure this program is not going to be any different than any other program with the aspect of fitting it someplace. We would hope it would be in the area of greatest need, but if we have 10 different areas I leave this to the alchemy of politics to determine. I am sure it would be determined that way under any administration.

Mr. SCHERER. Perhaps we should not use the name of the President when we mean the administration or the executive branch, because all of us have been around here long enough to know that many of these decisions we complain about many times are made by the professional bureaucrats and they are here all the time. They really run the United States. The President doesn't and Congress doesn't.

Dr. SMITH. You scare me.

Mr. MCVEY. Dr. Smith, certainly everyone on this committee would agree with you that we should preserve our natural resources, but it seems to me we have another great resource and that is our freedom. We are talking about a matter of the delegation of powers and I think our forefathers were wise in having the balances and counterbalances of our system of government. This is the thing I object to—the delegation of powers and continually giving away of powers to the executive branch of the Government by the legislative branch of the Government.

Actually, when you talk about a need to act swiftly, isn't it true a dictatorship would act more swiftly than a democracy?

Dr. SMITH. Yes, you are right.

Mr. MCVEY. So we can't base it just on that consideration alone, can we?

Dr. SMITH. I am not suggesting, Congressman, that we do. I do not think I am going to save any souls here on the other side of the aisle this morning, but I will say this. It just seems to resolve itself down to the argument on the relative merits on the one hand as to whether you think this is significant and important enough in and is of sufficient advantage over the congressional action in delegating to the President this power, or whether you deal with these other things you have stated. It is a question of understanding and the interpretation and basic philosophy, and that is as far as you go. I appreciate the fact that whenever Congress gives up power and delegates it to the Executive it obviously has that much less power. I am not trying to suggest it does not. I think the question is whether you feel it is worth the candle to do this. Either you do or you don't.

Mr. MCVEY. Every time we pass one of these programs we are chipping away at the pillar of our democracy. If this were the only program that would or had been presented to Congress it would be insignificant, but piece by piece and little by little we are chipping away at the very foundation of this country.

Dr. SMITH. I don't think it is quite like that. I can appreciate the fact that when the legislative is losing power quite naturally they are closer to the people. They are elected every 2 years. I heard the argument between Mr. Cramer and Mr. Carey. They review their record every 2 years and we have opportunity to review this with the President's office too. If the powers that the legislative delegated to the President were seriously misused, or acted upon in a highhanded fashion without due regard for the rights and privileges and liberties, then I suppose the people can speak and if they change back and forth—somebody has cast doubt and I understand it was projected not 2 months ago that the life of any party now as a result of the two-term election is probably two terms. The people don't particularly need a reason for a change at the end of two terms. There will be a cry of, "Throw the rascals out," on general principles.

Mr. MCVEY. But that if overlooking the fact that the trend today is in one direction, toward a dictatorship if you please, and a people want a benevolent dictatorship here. They want somebody who will come in and say, "We will take care of you out in Washington, D.C., and solve all of your problems."

Dr. SMITH. Congressman, I would like to say that I like to lean very heavily on the statement of Lincoln. It is not incidentally supported as a dictatorship but on the basis that the Federal Government ought to do the things that the Federal Government can do and that the people, either through their elected officials, or through their own resources and through their local constituencies, cannot do for themselves. It is a matter of disagreement. Some people say how far do you let it go before you do act. Some people say let it go completely and if they are not able to act for themselves it is their tough luck. I don't take that attitude. I appreciate and understand the reason for those who do, but I don't.

Mr. MCVEY. I would prefer if the Federal Government does take action that it be by legislative action rather than executive.

Mr. EDMONDSON. Mr. Chairman.

Mr. BLATNIK. Mr. Edmondson.

Mr. EDMONDSON. Dr. Smith, I have listened with considerable interest and appreciation to most of your statements. I was a little concerned about your remarks about the failure to establish a council on natural resources. I was not personally familiar with this commitment of our President, but I would like to know if you or your organization have sent up to Members of Congress any proposed legislation to effect something along that line.

Dr. SMITH. Oh, yes. It has been heard in the Senate. Legislation was introduced in the Senate by Senator Engle and the bill was heard at great length.

Mr. EDMONDSON. Has the administration opposed it?

Dr. SMITH. The administration's spokesman came to many leaders of the conservation movement during the time of the campaign and urged us to look it over and see if we could accept it. When we, through all kinds of efforts hoped for legislation and did our best to introduce legislation, then much to our complete horror and great amazement, the administration came in and testified against it. I think there are times when Mr. Scherer's comment that the world is

run by the bureaucrats has great weight with us, because I can only say that we can only have hunches. Of course we can't say authoritatively what happened, but my hunch is the Bureau of the Budget talked the President out of it. My own judgment in natural resources relative to the Bureau of the Budget is they talk the President out of most things that are worth a darn as far as resources go.

Mr. EDMONDSON. I have some bones to pick at the same time with the Bureau of the Budget myself but I sit on two committees with jurisdiction over natural resources and I don't recall having seen anything from your committee on the subject of natural resources and a council on natural resources.

Dr. SMITH. Oh, yes.

Mr. EDMONDSON. Have you sent me a draft of the bill on this subject?

Dr. SMITH. Congressman, I think back at the outset, in January, we circularized—you are speaking of the Interior Committee?

Mr. EDMONDSON. Yes. And Public Works.

Dr. SMITH. We circularized the Interior Committee.

Mr. EDMONDSON. With a draft of the bill?

Dr. SMITH. There was a companion bill to Senator Engle's bill. We accepted Senator Engle's bill originally with the proposal that this would be somewhat patterned on the Council of Economic Advisers and there would be a Council of Natural Resources Advisers with a Joint Committee on Natural Resources. There was some considerable discussion on the advisability of setting up another joint committee of the Congress on Natural Resources. So the general attitude was they would remove that stipulation and try to retain the Council of Natural Resources Advisers. It went to hearing and we thought there was some good opportunity for us to get out of hearings, but it never came out.

Mr. EDMONDSON. Was there legislation to effect the appointment of a Council on Natural Resources either in this committee or the Interior Committee of the House?

Dr. SMITH. I do not think it was ever introduced in the House. My memory is foggy on it now. It is one of the things we throw up our hands and give up on.

Mr. EDMONDSON. I am personally amazed at my own lack of information on that subject as a member of that committee and on several subcommittees which deal with natural resources. I am amazed that you have not shown a little more personal missionary spirit on your own right in contacting some of the members of the House committees to push it, because I think it is a good idea and I would like to go along with it.

Dr. SMITH. On natural resources matters there are so few of us, it reminds me of a boy hunting rabbits in Iowa with a gun. He does not have enough barrels and shells to shoot them all, and this is one we obviously lacked our missionary zeal on. I think one of the reasons why it did not take off in the House, or get full consideration, was the attitude of the administration at the time of the Senate hearings. Had they come in with administration support and the bill was reported out, at that time there would have been two or three other measures introduced in the House. I think probably the experience in the Senate was what precluded any further action in the House.

Not that the Senate's action necessarily guides us, but the administrative position might have guided the leadership.

Mr. SCHERER. You felt you might have difficulty in the House too.

Mr. EDMONDSON. I have a little bit of the feeling that your work on most of your resource ideas and proposals, like dams, originate on the House side, and why you folks haven't paddled your boat a little harder on the House side on this I don't know.

Dr. SMITH. I am glad to get this admonition and wake our people up that here is an opportunity for missionary work to take place. We are usually somewhat dissuaded from this.

Mr. EDMONDSON. If I have ever received a request from your organization to introduce a bill like this it has certainly missed my attention.

Dr. SMITH. You may not have personally, Congressman, but I did think—and my memory may be faulty on this and I will have to check—I did think the Council of Natural Resources Adviser proposed legislation was circulated to the House membership of the Interior Committee sometime in January, but I cannot be positive on it. I will have to check and see. However, we have plenty of copies left and I will be very happy to see you later.

Mr. EDMONDSON. I suggest you pass them out in this committee and you might get some takers on it.

Dr. SMITH. Thank you very much.

Mr. CRAMER. If the discussion with this witness is ended I would like to make a request. Mr. Bell, the Director of the Bureau of the Budget, in testifying before this committee on Monday last, evidenced in discussing the financing of the program that the President's standby bill would provide an interim financing source for authorizing the President to transfer unobligated balances and other types of obligational authority up to an aggregate total of $2 billion. The amount of the unobligated balances available for transfer differ according to the time within the fiscal year, but in all cases they far exceed $2 billion. It was suggested that in 1961, for example, the unobligated balances were $80 billion in December, almost $57 billion in March, and a little over $40 billion at the end of the year in June 1961.

I would like to request that the committee ask Mr. Bell to submit for the record of this committee a list of the unobligated balances in the Federal budget, appropriated funds, and obligation authority that could be used for the purpose of carrying out the objectives of this $2 billion proposal on an appropriation item by appropriation item basis.

Mr. BLATNIK. You mean, to specify——

Mr. CRAMER. The specifics as to what unobligated balances.

Mr. BLATNIK. And in what categories the unobligated balances could be available?

Mr. CRAMER. Yes.

Mr. BLATNIK. Without objection it is so ordered.

(The information requested is as follows:)

MAJOR UNOBLIGATED BALANCES

The following table shows the total unobligated balances of the Federal funds (that is, excluding trust and deposit funds), as printed in the budget for fiscal year 1963:

TABLE 17.—*Balances of obligational authority*

[In millions of dollars]

Description	Start 1961		Start 1962, end 1961		Start 1963, end 1962		End 1963	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
BY AGENCY								
Legislative branch	82	44	72	41	44	26	28	20
The Judiciary	3	-------	4	-------	4	-------	5	-------
Executive Office of the President	41	5	41	1	4	2	5	2
Funds appropriated to the President:								
Foreign assistance—economic	2,263	502	2,521	1,051	3,698	254	4,948	161
Other	168	5,917	179	5,910	52	8,026	60	8,021
Department of Agriculture	1,271	2,445	2,958	2,226	3,036	836	3,063	478
Department of Commerce	389	217	493	478	589	457	625	294
Department of Defense:								
Military	21,845	11,181	21,358	9,934	25,374	7,300	28,889	5,726
Civil	242	107	248	106	309	31	324	11
Department of Health, Education, and Welfare	1,026	199	1,237	242	1,557	216	2,685	173
Department of the Interior	257	167	288	152	390	102	483	50
Department of Justice	14	13	20	18	17	16	19	15
Department of Labor	9	3	7	223	12	296	70	299
Post Office Department	366	7	326	7	339	7	343	7
Department of State	50	43	87	44	56	31	85	14
Treasury Department	114	268	115	278	153	261	176	260
Atomic Energy Commission	1,206	183	1,129	334	1,280	-------	1,387	-------
Federal Aviation Agency	370	148	396	164	415	167	461	131
General Services Administration	166	130	188	201	303	188	411	86
Housing and Home Finance Agency	2,805	6,132	3,084	9,762	3,843	8,826	4,715	7,495
National Aeronautics and Space Administration	273	97	437	154	998	121	2,395	111
Veterans' Administration	267	368	278	527	274	540	319	706
Other independent agencies	1,675	9,314	2,230	8,646	2,600	8,539	3,189	8,584
District of Columbia	-------	81	-------	111	-------	75	-------	53
Allowances for pay adjustments and contingencies	-------	-------	-------	-------	25	-------	137	-------
Total balances	34,899	37,572	37,695	40,612	45,371	36,315	54,822	32,698
BY TYPE OF AUTHORIZATION								
Appropriations	28,119	10,685	28,377	10,237	33,714	6,982	41,262	5,387
Authorizations to expend from debt receipts	4,453	21,287	6,794	21,918	7,512	21,849	8,681	20,295
Contract authorizations	1,092	808	1,133	2,979	1,237	2,569	1,278	2,036
Revolving and management funds	1,236	4,792	1,392	5,478	2,908	4,916	3,601	4,980
Total balances	34,899	37,572	37,695	40,612	45,371	36,315	54,822	32,698

NOTE.—For explanation of balances carried forward, see pp. 114-116.

The following is a list which identifies some of the largest unobligated balances as of June 30, 1961:

[In thousands of dollars]

	Type	Amount
Standby balances:		
Funds appropriated to the President, International Bank for Reconstruction and Development	Debt receipt	5,715,000
Independent offices:		
Federal Deposit Insurance Corporation	do	3,000,000
Federal Home Loan Bank Board:		
Federal home loan banks	do	1,000,000
Federal Savings and Loan Insurance Corporation fund	do	750,000
Revolving funds:		
Funds Appropriated to the President: Department Loan Fund	Revolving fund	335,257
Department of Defense:		
Army stock fund	do	485,177
Army industrial fund	do	493,175
Navy industrial fund	do	753,172
Navy management fund	do	562,465
Housing and Home Finance Agency: Federal Housing Administration fund	do	750,968
Independent offices: Federal Home Loan Bank Board, Federal Savings and Loan Insurance Corporation fund	do	358,644
Feeder accounts for revolving funds:		
Department of Agriculture:		
Commodity Credit Corporation	Debt receipts	1,194,423
Farmers Home Administration	do	427,612
Department of Commerce area redevelopment	do	300,000
Housing and Home Finance Agency:		
College housing loans fund	do	401,920
Public facility loans fund	do	557,134
Urban renewal fund	do Contract authorizations	630,162 2,736,093
Flood indemnity fund	Debt receipts	500.000
Loans for secondary market operations fund		2,299,000
Special assistance functions fund, Federal National Mortgage Association.	Debt receipts	1,168,725
Low rent public housing fund	do	446,013
Independent offices:		
Export-Import Bank of Washington	do	2,617,149
Tennessee Valley Authority fund	do	557,454
Special funds (earmarked receipts):		
Department of Agriculture: Removal of surplus agricultural commodities.	Appropriations	300,000
Major procurement:		
Department of Defense:		
Procurement of equipment and missiles:		
Army	do	500,914
Navy	do	729,436
Shipbuilding and conversion, Navy	do	868,881
Aircraft procurement, Air Force	do	1,798,978
Missile procurement, Air Force	do	739,665
Other procurement, Air Force	do	473,438
Aircraft and related procurement, Navy	do	366,102
Research and development: Department of Defense: R.D.T. & E., Air Force.	do	346,466
Construction: Department of Defense: Military construction, Air Force.	do	442,334

Mr. BLATNIK. Dr. Smith, we thank you for your statement. I want to say for the record, and I know the committee concurs, that Dr. Smith is not only an able, knowledgeable, and well-informed citizen, but also that he has devoted a tremendous amount of time without pay out of his deep concern over the whole broad spectrum of resource use and conservation of our bountiful heritage. Dr. Smith has come here at his own expense and his own time to speak in behalf of the National Citizens Committee on Natural Resources. We appreciate your effort and your contribution.

Dr. SMITH. Thank you very much.

Mr. SCHERER. I could tell he was so capable and so informed that I didn't dare to ask him any questions.

Mr. BLATNIK. We have a statement from Mr. C. J. Haggerty, president of the Building and Construction Trades Department, AFL–CIO, a statement which was to be presented here, but because of other commitments and a conflict in time he asked that it be submitted for the record and inserted at this point in the record. Without objection it will be made a part of the record at this time.

(The prepared statement of C. J. Haggerty, president, Building and Construction Trades Department, AFL–CIO, is as follows:)

STATEMENT OF C. J. HAGGERTY, PRESIDENT, BUILDING AND CONSTRUCTION TRADES DEPARTMENT, AFL–CIO

Mr. Chairman, my name is Cornelius J. Haggerty. I am president of the Building and Construction Trades Department, AFL–CIO, which represents more than 3½ million building tradesmen in the United States, who are members of the 18 national and international unions affiliated with our department.

About 1 week ago, Mr. Chairman, you heard from the president of the AFL–CIO, Mr. George Meany, who presented, I am sure you will agree, a very cogent argument for the measures you are now considering. I do not want to waste your time or clutter up the record by covering the same ground. We support the position of President Meany, and we associate ourselves with his testimony.

What I would like to do is relate the bills before you even more specifically to our particular field, the construction industry. From that standpoint, I think I can present some facts which may be helpful to you in your deliberations.

First, let us all be aware that despite the intensive public attention directed to the great manufacturing industries, such as steel and auto, the construction industry in its less dramatic fashion occupies an extremely significant place in the national economy. According to the U.S. Department of Commerce, construction expenditures are proceeding at an annual rate of $60 billion for new projects, and another $20 billion in alterations and repairs. This amounts to 14 percent of the gross national product, and places the construction industry well up among the leaders in total volume.

Therefore, it is obvious that an extraordinary level of unemployment in construction takes a heavy toll in general economic terms. It may come as a surprise to some members of the committee, who see new buildings springing up all around them, that unemployment among construction workers has indeed been extraordinary; in fact, far above the average for the country as a whole.

While the unemployment rate on a national basis hovered around 6 percent during 1961, the monthly average in the construction industry, according to the Department of Labor, was 14.1 percent, or more than twice as high. The best month for construction workers was August, when 8.7 percent of them were jobless—a greater percentage than the worst month for the total labor force.

The monthly totals are shown in the table inserted at this point in the prepared testimony before you. I will not read the figures, but I ask that the table be included in the record at this point.

TABLE I.—*Percent unemployment in construction by month*

1961:	*Percent*	1961—Continued	*Percent*
January	22.1	August	8.7
February	23.9	September	8.9
March	20.4	October	8.8
April	17.9	November	10.5
May	14.5	December	14.4
June	11.6	January 1962	19.0
July	11.2	February 1962	19.8

Source: Bureau of Labor Statistics, U.S. Department of Labor.

I also want to draw your attention to the figures for the first 2 months of 1962: 19 percent unemployment in January, 19.8 percent in February. To be sure, these are 3 percent and 4 percent better, respectively, than the same months in 1961. But they do not suggest that we can anticipate a startling improvement in the months ahead.

It is perfectly true, of course, that under normal circumstances, even in prosperous times, unemployment is higher for construction workers than for the average worker in other fields of endeavor. Let me devote just a few moments to that point.

First, in construction we have a continuing problem that the economists call "frictional" unemployment—the kind that occurs when a worker leaves one job and looks for another. This is a built-in feature of our industry, by its very nature. The typical construction worker is employed by two or more different employers during the course of a year; and he may actually work on two or a great many more different construction projects.

Our unions try to minimize this "frictional" unemployment through hiring hall arrangements and through the efforts of local union business managers, but the problem is still with us.

Second, most construction projects, in most parts of the country, are directly affected by the weather. Construction is seasonal by nature. As the following table shows, the range in 1961 was 733,000 jobs from the low month, February, to the high month, August.

Again, Mr. Chairman, I ask to have the table inserted, and with your permission I will follow the same procedure with the two others I will discuss later.

TABLE II.—*Employment by month in construction*

1961:		1961—Continued	
January	2,457,000	August	3,075,000
February	2,342,000	September	3,021,000
March	2,454,000	October	2,981,000
April	2,619,000	November	2,825,000
May	2,775,000	December	2,575,000
June	2,971,000	January 1962	2,291,000
July	3,023,000	February 1962	2,262,000

As before, I ask you to note the figures for January and February 1962. In actual number of men at work, both were lower than the worst months of 1961—even though, as we saw earlier, they showed a percentage improvement over the previous year. Obviously, the percentage gain resulted from a shrinkage in the size of the construction work force. Percentages, no matter how favorable, does not fill pay envelopes.

Because these two types of unemployment—"frictional" and seasonal—are more or less chronic in construction, there may be a tendency to feel that our average rate for last year, 14.1 percent, is not as bad as it sounds. Unfortunately, this is not the case. While, as I have noted, our jobless rate traditionally runs higher than average, it has been getting worse as the years pass. Consider the third table.

TABLE III.—*Percent unemployed in construction, 1955–61*

	Percent		*Percent*
1955	9.2	1959	12.0
1956	8.3	1960	12.2
1957	9.8	1961	14.1
1958	13.7		

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Whereas, from 1955 through 1957 the rate averaged a little above 9 percent, since 1958 the average has been above 13 percent, climaxed by the high figure of last year.

Nor can it be said that this came about because special factors in a few States—such as high proportion of depressed areas—distorted the national picture. No, the high incidence of construction unemployment is truly national in scope.

The fourth and final table shows the percentage of construction workers, State by State, who were jobless during the best month of 1961—the month of August.

TABLE IV.—*Percent unemployed (insured) by State in construction, August 1961*

Alabama	9.8	Kansas	4.5
Alaska	7.2	Kentucky	7.5
Arizona	5.3	Louisiana	15.9
Arkansas	11.6	Pennsylvania	11.2
California	8.9	Rhode Island	4.4
Colorado	3.6	South Carolina	7.0
Connecticut	4.5	Tennessee	10.5
District of Columbia	2.4	Texas	6.2
Florida	6.7	Maine	6.0
New Jersey	4.1	Maryland	5.2
New York	12.7	Massachusetts	4.8
North Carolina	5.0	Minnesota	4.8
North Dakota	3.9	Mississippi	11.3
Ohio	5.8	Missouri	6.8
Oklahoma	11.0	Montana	4.3
Oregon	8.8	Nebraska	2.1
Georgia	7.3	New Hampshire	4.0
Hawaii	9.2	Utah	3.3
Idaho	5.2	Vermont	4.6
Illinois	4.1	Virginia	1.8
Indiana	6.2	Washington	6.6
Iowa	2.6	West Virginia	15.1

NOTE.—Information was not available in several States—Delaware, Michigan, Nevada, New Mexico, South Dakota, Wisconsin, and Wyoming.

Source: Bureau of Employment Security, U.S. Department of Labor.

In only 22 States and the District of Columbia construction unemployment was 6 percent or less. And as you look at the list, you will find no consistent relationship between construction unemployment and the incidence of distressed areas. Sometimes they coincide, as in West Virginia; sometimes they do not, as in Louisiana.

With us, as for labor in general, matters are likely to get worse instead of better. We, too, are faced with sweeping technological changes, that vastly increase man-hour productivity and thereby decrease the number of men required.

Even the sidewalk superintendent can now watch a job in progress on a television screen instead of through a hole in the fence. That is an amusing triviality in itself, but it is indicative of the changes in the building and construction trades.

Mr. Chairman, if the construction workers were the only sufferers from high rates of unemployment; if we alone saw shrinking job opportunities for an expanding population, we would still be here, urging Government attention to our problem. But our appeal is far stronger because we have so much company in our misery. We are among the worst suffers, but the affliction is found in all industries.

It is in a similar spirit that we support the programs you are now considering—President Kennedy's proposal for an immediate $600 million public works program, and the standby programs in H.R. 10113 and H.R. 10318. Our members would be the first to gain, but their gain would quickly be reflected in the betterment of others.

In conclusion, we welcome the decision of President Kennedy that public works are needed to complete the recovery from the present recession, not just as a weapon against the next one. We further emphasize that public works built as a result of these bills should not be looked upon as expenditures, but rather as investments in the Nation's wealth.

We congratulate the committee for its prompt consideration of this much needed legislation.

We are heartily in accord with a Federal program of standby public works along the lines of both bills before you, and urge that as you iron out their differences into a final version, you choose those terms from each bill that will contribute to promptness when trouble looms.

83015—62——37

We come here as the spokesman for the workers most directly involved. Yet, I assure you, Mr. Chairman, that we are speaking as well for the welfare of all our fellow citizens and the progress of our country.

Mr. KUNKEL. Mr. Chairman, are we going to have a meeting tomorrow?

Mr. BLATNIK. Yes. We planned to meet tomorrow and also, if possible, on Friday morning. We have Members of Congress who are asking for time to appear.

Mr. KUNKEL. Are they going to be here tomorrow and Friday, the Members of Congress?

Mr. BLATNIK. We are checking on the schedule, Mr. Kunkel. We will know in a minute. Off the record.

(Discussion off the record.)

Mr. BLATNIK. The hearings are concluded for today and we adjourn until 10 o'clock tomorrow morning.

(Whereupon, at 12 noon, the hearing was recessed until 10 a.m. the following day, Thursday, April 5, 1962.)

STANDBY CAPITAL IMPROVEMENTS ACT OF 1962

THURSDAY, APRIL 5, 1962

House of Representatives,
Committee on Public Works,
Washington, D.C.

The committee met, pursuant to recess, at 10:10 a.m., in room 1302, New House Office Building, Hon. John A. Blatnik presiding.

Mr. Blatnik. The House Public Works Committee will please come to order, resuming public hearings on Standby Capital Improvements legislation.

Our first witness this morning will be our friend and neighbor from the great Midwest country, the northern peninsula of Michigan, our colleague, the Honorable John B. Bennett.

Congressman, will you please take the chair and make yourself at home?

STATEMENT OF HON. JOHN B. BENNETT, MEMBER OF CONGRESS FROM THE STATE OF MICHIGAN

Mr. Bennett. Thank you very much, Mr. Chairman.

Mr. Chairman and members of the committee, I am appearing this morning primarily in support of a bill, a public works bill, H.R. 9895, that I introduced on January 25 of this year which would provide $500 million in Federal funds for immediate grants to areas of the country which had been certified by the Area Redevelopment Administration as depressed areas or areas of high unemployment or whatever the term may be. In other words, the program will be limited to those parts of the country that are most adversely affected at the present time, and have been for the past several years, with persistent and high unemployment.

The area redevelopment program is one for which I had high hopes insofar as its being able to do something for communities that were depressed with respect to stimulating and assisting existing industry and helping to bring in new industry, and, in general, providing capital funds for new plant equipment and what not, and thereby to provide new jobs. But the program has been in effect now for nearly a year and from my point of view it has been very disappointing insofar as actually doing the job that I think it was intended to do.

I will say very frankly that I was one of those who supported the bill. I have introduced in previous sessions bills of the same general nature which I think are necessary if we are going in some way or another to put economically distressed areas back on their feet.

I do not contend that this can be done with a $500 million public works program alone. But I do contend that something must be done

to assist areas such as the one I represent, and there are many other similar areas throughout the country, in their present period of distress. I have in mind a public works program which would provide Federal funds for projects such as street improvements and improvements to public buildings—and up in my part of the country we have a lot of Federal forests and we need a lot of money to improve forest highways in that area—those kinds of projects which would make for permanent improvements in the community and at the same time would provide jobs for people who are unemployed.

I think the President's approach to this in his message to Congress in February and the proposal he made on March 26, has considerable merit and certainly ought to receive every possible consideration from this committee and from the Congress. But I would point out that if I understand his proposal correctly; that is, his $600 million proposal which would take effect immediately upon enactment, it does not provide for Federal grants, 100-percent grants, but rather provides for matching grants either by the State or by the locality which is affected.

Now, in speaking of my own area and in speaking for the State of Michigan for that matter, we just do not have any money to do any matching with a program such as this and none of the localities that are in my district would have any substantial funds to match this type of a program. Therefore, I think that while in the President's message he says something about areas that are exceptional cases where loans could be made available, from my point of view that would also be ineffective because to saddle a community that is as hard pressed as many of our areas are with a long-term loan that they would have to repay to the Federal Government would certainly not be beneficial to them. Frankly, I do not believe that they could repay it even if they agreed to do it, unless something unforeseen would come up in the future which would make their local tax situation look a lot better than it looks today or than it has looked for some time.

I recognize that this committee did not write the area redevelopment bill, but it seems to me that since the subject you are dealing with here is the immediate problem of trying to solve unemployment in these areas, you would have to consider the area redevelopment legislation and what it has done and what can be done with it to make it a better and more effective program.

First of all, I would like to call your attention to the report I have called an activities summary report from the Area Redevelopment Administration, which is dated April 2, 1962. Up to the present time, or up to April 2, they approved 112 projects from 28 States which involved 5,000 jobs and $9 million and 6,370 trainees. I have more than 5,000 unemployed people in several of the counties in my congressional district due to the drastic cutback in the domestic iron-mining business in the past several years. But you can see from this report that having spent $9 million, or approved $9 million—and I do not know whether that has actually been spent but I assume it has been—but out of approximately $400 million that was appropriated nearly a year ago for the area redevelopment program, you can see that something is wrong. Either the law itself is wrong or is defective and it needs amendment or the administration of it is not effective. But certainly, these depressed areas have not received in the 9 or 10

months that the area redevelopment program has been in effect, any substantial benefits from the act.

I would like to point out one thing that I hope your committee will consider. It is one part of this act that I think is probably one of the keys to the fact that the program has been ineffective.

For the record, it is section 6(b)-9-B. It is just a short paragraph and I would like to read it for the record. It provides that not less than 10 percent of the aggregate costs—and they are referring to the aggregate costs of the project—should—

be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by an Indian tribe or a community or area organization which is nongovernmental in character, as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance.

What that means in practical application is this: I will give you a specific example. In my hometown we have a pulp and paper company, and they would like to borrow $3 million, or in that neighborhood, to expand their plant capacity and to utilize some waste hardwoods—of which we have millions and millions of cords and board feet up there—for paper. In order to get this $3 million loan they have to get the local community, or some local organization in the community, to put up 10 percent of that amount, which, if we say it is $3 million, is $300,000. My hometown's population is less than 5,000 people. It is just a physical and practical impossibility for the people of a small community like that to raise $300,000 either through the city, or the village, or the county government, or by voluntary local community organizations that might be formed. The result is that under those circumstances the chances of the loan being approved are nil although the area redevelopment people are very enthusiastic about this particular loan. They feel it is the kind of a loan they would like to make because it is sound economically and it will provide jobs, and the prospects of repaying the loan look very good. So the ARA would like to make the loan and the company would like to have the money, but there is that bottleneck which is hindering, and probably will foreclose them from doing it which it has up to now. I assume from all of the information I have, this particular section will be responsible for this loan not being approved. There may be some States, and I understand Pennsylvania is one, which can put up money to help the local communities to loan money for projects like this, but in Michigan our constitution will not permit an instrumentality of either the State or any local subdivision of government to loan or borrow money to make loans to private enterprise.

So even if the State had the money, which they do not, or even if our localities had the money, which they do not, the law, or the constitution of the State would still preclude these instrumentalities from doing anything effective under this particular provision.

As I say, there may be some other cities or towns in Michigan and elsewhere that can loan or put up this money locally, but I doubt that there are very many as you can see from the fact that only $9 million has so far been approved for the projects out of this substantial sum that is available for these purposes. Something is wrong.

We all know that there are projects that want money and there is private enterprise that can use it. In my district, I can think just right offhand of four or five projects of private firms which would aggregate $10 or $12 million if they were approved. But none of them have been approved and I doubt seriously that any of them will be approved unless something is done in amending this act.

I recognize that this committee did not draft the act, but that it came out of the Banking and Currency Committee. However, since this public works program, in my judgment, is so closely related to the areas that the area redevelopment program is designed to assist, it should be your purpose to look carefully into the provisions of the Area Redevelopment Act and get the people—if you haven't already done so—get the people who are running that program up here to find out in what other respects it is deficient. Certainly, it is deficient in the manner that I have just described because that is a particular circumstance that I happen to be thoroughly familiar with in my own territory.

I personally believe that that provision ought to be taken out of the act completely, and if some local financing is required, they ought to leave it up to the borrower.

For example, in the case of the papermill that I have mentioned in my community, if they had to do so, I have every reason to believe they could raise the $300,000 or the 10 percent that would be required to be raised, but they cannot do it legally under this language. It has to be done by a local subdivision of government or some publicly created or civically or locally created independent organization. That provision has been a very cumbersome thing.

As to the public works phase of this, I would repeat again that I would urge the committee as soon as possible to pass some type of a public works program without any strings attached to it, and without any matching provision attached to it. I don't mean without any control attached to it. I would not want to see this money just thrown out of the window willy-nilly. I would want to see a working arrangement between the States and the Federal Government with some plans consummated for public improvements that are feasible, sound and sensible, and which will create employment.

I think this is an urgent matter, because while the recession, so called, is over, or has not affected many areas of the country, still in my area unemployment continues to be high. It is a very serious matter and it has been for a long time. In fact, in one of the counties of the district that I represent, there is approximately 20 percent of the entire work force unemployed. I guess there are other places in the country where that same situation exists and when it does exist something should be done. It seems to me that Congress has a duty to provide some kind of a program.

You can give these people welfare but that is not what they want. You can extend their unemployment benefits for a while but that is not the answer to it either. If you provide some money so that some worthwhile community projects can be constructed which will give employment and do something in a permanent way to benefit these communities, I think we will be softening this cost and taking care of the suffering and misery that persists in many areas such as mine, until

such time as a program like the area redevelopment program can be rewritten and worked out in some practical way.

Mr. Chairman, I would like to submit for the record this report of the area redevelopment administration to which I have referred, which is dated April 2, 1962.

Mr. BLATNIK. Without objection, it is so ordered.

(The document referred to is as follows:)

U.S. DEPARTMENT OF COMMERCE—AREA REDEVELOPMENT ADMINISTRATION

ACTIVITY SUMMARY REPORT MONDAY, APRIL 2, 1962

Areas designated: 874 plus 50 Indian Reservations (in 47 States, Puerto Rico, Virgin Islands, Guam and American Samoa) with total population of 34.7 million.

Overall economic development plans:

Total submitted: 497 areas and 18 Indian reservations in 43 States and American Samoa (53.7 percent of all areas designated), with total population of 27.7 million.

Provisionally approved: 389 areas and 9 Indian reservations in 40 States and American Samoa (43.5 percent of all areas designated), with total population of 25.4 million.

Projects approved: 112 from 28 States and American Samoa involving 5,057 jobs,[1] $9,158,252; 6,370 worker-trainees.

Industrial loans (11) $3,249,270; 2,132 jobs:

October 23, 1961: Carbondale, Ill., Technical Tape Corp., $455,000 loan, 500 jobs.

November 1, 1961: Gilbert, W. Va., National Seating & Dimension Co., $572,000 loan, 200 jobs.

December 29, 1961: Ava, Mo., Rawlings Manufacturing Co., $81,250 loan, 100 jobs.

January 11, 1962: Socorro County, N.Mex., Socorro Packaging Co., $130,000 loan, 35 jobs.

January 12, 1962: Apalachicola, Fla., Florida Seafood Canning Co., Inc., $652,135 loan, 350 jobs.

January 25, 1962: Lowell, Mass., Semi-Onics, Inc., (electronics firm), $97,500 loan, 110 jobs.

January 31, 1962: Demopolis, Ala., Griffith Packing Co., $145,685 loan, 58 jobs.

February 10, 1962: Biddeford, Maine, Grafton Lumber Co., Inc., $432,900 loan, 170 jobs.

February 23, 1962: Tewksbury, Mass., Contronics, Inc., $487,500 loan, 140 jobs.

March 27, 1962: Cairo–Metropolis, Ill., Good Luck Glove Co., $139,500 loan, 205 jobs.

March 29, 1962: Wilkes–Barre, Pa., Goldsmith Mills, Inc., $55,800 loan, 264 jobs.

Public facilities (7) $538,000 loans; $628,300 grants; 2,925 jobs:

July 24, 1961: Gassville, Ark., $31,000 loan and $129,000 grant for water system to Mar-Bax Shirt Co., 1,000 jobs.

September 14, 1961: Cambridge, Md., $68,000 loan and $204,000 grant for sewage system to Chun-King Co. and Western Publishing, 875 jobs.

November 1, 1961: Mountain City, Tenn., $60,000 loan and $46,300 grant for water and sewage systems to Leco Manufacturing Co., 300 jobs.

December 22, 1961: Cedartown, Ga., $260,000 loan for water and sewage facilities plus access roads to Inland Homes Corp., 100 jobs.

January 12, 1962: City of Apalachicola, Fla., water and sewage facilities to Florida Seafood Canning Co., Inc., $28,000 loan. (Employment figure already shown under industrial loan to same company.)

[1] Employment figures shown are based on direct, primary permanent jobs only. They do not include indirect jobs generated in trades and services or temporary employment involved in the construction of the project.

February 19, 1962: Jefferson, S.C., city of Jefferson to improve water system, will permit expanded operations of three textile firms—Carlisle Corp., Carlisle Co., and Jefferson Bleachery, Inc—$50,000 loan and $138,000 grant, 500 jobs.

March 6, 1962: Pageland, S.C., city of Pageland for water and sewer system, will permit Sacony of Pageland to construct new dyeing plant, $41,000 loan and $111,000 grant, 150 jobs.

Technical assistance contracts (25) $599,100:

October 24, 1961: Benton, Ill., $45,000 to Army Engineers to study industrial reservoir project that could aid 33-county area of southern Illinois.

October 24, 1961: Plant location study, Bureau of the Census, $7,000.

October 24, 1961: Bureau of Mines, special steel study, $5,000.

October 26, 1961: New Bedford, Mass., $100,000 to New Bedford Institute of Technology, to study scallop and flounder industry.

October 30, 1961: Itasca, Minn., $64,000 to Itasca Redevelopment Agency to help finance testing of low-grade, nonmagnetic ores from western Mesabi Range.

December 29, 1961: American Samoa, $10,000 to Department of Agriculture for study of production, use, and marketing of agricultural products.

February 7, 1962: Boulder, Colo., $22,970 to University of Colorado to study tourist areas across the Nation.

February 7, 1962: Fairmont, W. Va., $7,000 to Johnson, Gray and Associates for an engineering industrial site survey in Fairmont, W. Va.

February 10, 1962: Bureau of the Census, $27,000 for material covering the urban-industrial areas to be used in the Statistical Profiles publication.

February 10, 1962: Bureau of the Census, $42,000 for material covering the rural and nonurban areas, to be used in the Statistical Profiles publication.

February 10, 1962: Washington, D.C., $33,500 to Klein and Saks for evaluation of local redevelopment plans provisionally approved by ARA, to help areas work up comprehensive programs required within a year.

February 10, 1962: Arlington, Va., $30,830 to C–E–I–R, Inc., for statistical analyses of markets and resources in redevelopment areas, particularly in the Appalachian region.

February 10, 1962: Menlo Park, Calif., $1,800 to Stanford Research Institute for one addition to a study begun in 1960 on the factors influencing the location of plants in the scientific instruments industry.

February 10, 1962: Portland, Oreg., Ivan Bloch & Associates for economic and industry studies (value to be determined later).

February 10, 1962: Washington, D.C., $12,400 to Robert Nathan Associates, Inc., for evaluation of local redevelopment plans.

March 7, 1962: Washington, D.C., $21,750 to Checci & Co. for a study of the tourism and recreation potentials of three Indian reservations located in New Mexico, Arizona, and California.

March 9, 1962: 19th election district (Fairbanks), Alaska, $6,850 to help develop an integrated economic development program.

March 10, 1962: Big Stone Gap, Va., $26,000 to Reed Research, Inc., Washington, D.C., for study of feasibility of creating new products and new growth industries in the area.

March 12, 1962: New York, N.Y., $4,500 to Development Counsellors International, Ltd., to make study of investments and prepare guide for use of State and local development agencies on communicating with various classes of investors.

March 14, 1962: Tallahassee, Fla., $27,000 to George & Associates to study feasibility of cement and lime plant in northwest Florida.

March 21, 1962: Eastern Kentucky (33 counties), $7,500 to MacDonald Associates, Inc., Washington, D.C., and Corvallis, Oreg., to study forest resources and products industries with possibility of establishing new wood products firms.

March 27, 1962: New River Gorge area, West Virginia (Mercer, Fayette, Summers, and Raleigh Counties), New River Gorge Development Corp., $25,000, to study tourist and recreational potentials.

March 28, 1962: Flat Head Indian Reservation (Montana), $65,000 to inventory timber resources.

March 30, 1962: Upper Peninsula, Mich., $2,500, to establish central depository of materials relating to community development.

March 30, 1962: Superior, Wis., $9,500, to MacDonald Associates, Corvallis, Oreg., to study feasibility of establishing timber processing and marketing complex.

March 29, 1962: Fairbanks, Alaska, $1,500, to U.S. Forest Service for feasibility of proposed sawmill and lumber finishing facility.

Training and subsistence programs (68) $4,143,582; 6,370 worker-trainees:

October 11, 1961: Huntington, W. Va., $134,905, 30 automatic transmission specialists, 40 electrical appliance repairmen, 30 route salesmen, 60 nurses aids, 45 waiters and waitresses, 60 stenographers, and 60 typists.

November 9, 1961: Providence, R.I., $451,385, 80 typists, 32 automobile mechanics, 138 machine tool operators, 36 bookkeeping machine operators, 40 electronic mechanics, 18 sheet-metal workers, 40 combination welders, and 120 typists.

November 27, 1961: Ansonia, Conn., $66,685, 100 machine tool operators, 100 sewing machine operators.

December 1, 1961: Washington County, Pa., $24,740, 100 ward attendants.

December 13, 1961: Petersburg (Grant County) W. Va., $41,310, 20 farm mechanics, 25 typists, 25 stenographers, and 60 sewing machine operators.

December 13, 1961: Williamson (Mingo County), W. Va., $79,399, 15 automobile mechanics, 15 electrical appliance repairmen, 15 machine tool operators, 20 nurses aids, 25 typists, 15 stenographers, 40 nurses aids, and 250 aircraft riveters.

December 22, 1961: Harrison County, W. Va., $104,600, 20 automobile mechanics, 15 machine tool operators, 25 typists, 25 stenographers, 40 nurses aids, and 250 aircraft riveters.

December 22, 1961: Charleston (Kanawha County) W. Va., $83,192, 15 assistant cooks, 15 drycleaners, 40 machine tool operators, 15 spray painters, 15 sheet-metal fabricating machine operators, 80 combination welders.

December 22, 1961: Wilkes-Barre-Hazleton, Pa., $58,546, 40 combination welders, 50 stenographers.

December 22, 1961: Wilkes-Barre-Hazleton (Pittston), Pa., $12,982, 24 combination welders.

December 22, 1961: Pottsville, Pa., $58,370, 40 sheet-metal machine operators, 20 maintenance mechanics.

December 22, 1961: Sayre-Athens-Towanda, Pa., $46,638, 80 machine tool operators.

December 22, 1961: Pittsburgh (Donora), Pa., $3,780, 10 aluminum sash and door workers.

January 2, 1962: Danielson-Putnam area (Windham County), Conn., $74,483, 90 ship electricians, 45 machine tool operators, 16 chemical operators.

January 3, 1962: Atlantic County, N.J., $25,925, 25 tractor operators.

January 4, 1962: Hagerstown (Washington County), Md., $168,838, 120 machine tool operators, 120 electronic mechanics.

January 5, 1962: Johnstown, Pa., $46,756, 50 draftsmen.

January 9, 1962: LaFollette-Tazewell-Jellico, Tenn., $83,480, 16 automobile mechanics, 22 machine tool operators, 15 combination welders, 32 woodworking millmen, 25 radio and TV service and repairmen.

January 11, 1962: Cumberland (Allegany County), Md., $24,015, 25 machine tool operators.

January 15, 1962: Wilkes-Barre (Kingston-Nanticoke), Pa., $64,830, 80 machine tool operators.

January 18, 1962: North Adams, Mass., $12,486, 14 stenographers.

January 18, 1962: Fall River, Mass., $36,143, 32 machine tool operators.

January 18, 1962: Bristol, Conn., $36,020, 45 machine tool operators, 50 electronic assemblers.

January 18, 1962: Lowell, Mass., $19,475, 16 machine tool operators.

January 18, 1962: New Bedford, Mass., $101,305, 100 machine tool operators.

January 18, 1962: Pottsville (Ashland), Pa., $19,593, 16 automatic transmission specialists.

January 19, 1962: Scranton, Pa., $159,192, 48 automatic transmission specialists, 120 machine tool operators, 48 electronic mechanics.

January 25, 1962: Perry-Newport, Pa., $52,783, 80 production workers (boot and shoe).

January 24, 1962: Uniontown-Connellsville, Pa., $61,295, 45 drycleaners, 45 machine pressers, 45 general spotters, 45 hand pressers.

January 26, 1962: Red River, Tex., $9,548, 30 sewing machine operators.
February 1, 1962: Flat River, Mo., $24,220, 15 electrical appliance repairmen, 15 automobile mechanics, 15 nurses aids.
February 1, 1962: Butte, Mont., $58,785, 20 nurses aids, 15 rodmen, 15 diesel mechanics, 12 combination welders.
February 2, 1962: Northestern Minnesota, $96,887, 14 pipe welders, 76 electronic mechanics, 30 diesel mechanics.
February 5, 1962: Fayetteville, N.C., $65,188, 30 stenographers, 24 sewing machine repairmen, 24 combination welders, 16 carpenter apprentices.
February 6, 1962: Southeastern Oklahoma, $111,353, 84 farm mechanics, 40 general clerks, 20 stenographers, 20 combination welders, 15 machine tool operators.
February 6, 1962: Muskogee, Okla., $62,160, 50 general clerks, 10 key punch operators, 25 stenographers.
February 9, 1962: Fairbanks, Alaska, $16,654, 20 general clerks.
February 9, 1962: Ketchikan, Alaska, $17,108, 20 general clerks.
February 9, 1962: Marquette, Mich., $207,247, 40 machine tool operators, 40 stenographers, 32 welders, 40 clerk-typists.
February 12, 1962: Litchfield, Ill., $34,834, 20 clerk-typists, 20 stenographers.
February 13, 1962: Evansville, Ind., $233,443, 24 automatic machine screw operators, 24 tool and gage inspectors, 15 automobile mechanics.
February 13, 1962: Oakland, Md., $27,352, 12 knitters, 36 loopers (knit goods), 8 seamers (knit goods).
February 27, 1962: Carbondale, Ill., $302,710, 598 production workers.
February 27, 1962: Cedartown-Rockmart, Ga., $69,679, 20 stenographers, 20 clerks, 20 draftsmen, and 20 bookkeepers.
March 1, 1962: Anchorage, Alaska, $32,660, 20 electronic mechanics, 15 clerk-stenographers.
March 1, 1962: Biddeford-Sanford, Maine, $5,132, 12 nurses aids.
March 1, 1962: Adrian (Lewanee County), Mich., $22,988, 20 clerk-typists, 20 clerk-stenographers.
March 1, 1962: Bay City, Mich., $29,710, 20 clerk-stenographers, 14 ignition and carburetion mechanics.
March 1, 1962: Erie, Pa., $51,829, 48 combination welders, 60 machine tool operators.
March 2, 1962: Ukiah (Mendocino County), Calif., $49,770, 24 machine operators.
March 9, 1962: Woodruff County, Ark., $39,080, 15 heavy equipment operators, 60 all-around farm machinery operators.
March 9, 1962: Pittsburgh (Westmoreland County), Pa., $27,639, 25 appliance repairmen, 25 ignition and carburetion mechanics.
March 15, 1962: Southeast Michigan, 84 nurses aids, $12,432.
March 15, 1962: Benzie County, Mich., 10 clerk-typists, 10 clerk-stenographers, $9,253.
March 15, 1962: Clarksburg, W. Va., 20 stenographers, 20 typists, $11,912.
March 15, 1962: Oak Hill-Montgomery, W. Va., 20 machine tool operators, $14,275.
March 16, 1962: Bluefield, W. Va., 20 machine tool operators, 15 typists, 15 stenographers, $21,432.
March 19, 1962: Kalispell, Mont., $50,956, 15 motor analysts, 20 stenographers, 15 rodmen, 15 lumber graders, 15 assemblers (fishing equipment), 15 logger equipment mechanics.
March 19, 1962: McAllister, Okla., $35,547, 20 stenographers, 42 clerk-general.
March 19, 1962: Fairmont (Marion County), W. Va., $18,433, 20 machine tool operators, 15 auto mechanics.
March 19, 1962: Morgantown, W. Va., $13,284, 15 auto mechanics.
March 19, 1962: Wheeling, W. Va., $65,066, 45 machine tool operators, 15 auto mechanics, 40 draftsmen, 15 seamstresses, 15 pressmen (machine).
March 21, 1962: Biddeford-Sanford (Maine), $19,117, 80 sewing machine operators.
March 21, 1962: Flat River, Mo., $7,300, 30 sewing machine operators.
March 21, 1962: Taylorville (Christian County), Ill., $17,785, 20 nurses aids, 10 combination welders.
March 21, 1962: Clarksville (Red River County), Tex., $13,238, 15 sheet-metal workers.

March 27, 1962: (St. Clair County), Port Huron, Mich., $26,785, 25 slide forming machine operators, 25 spring coiling machine operators, 25 torsion spring coiling machine operators.

March 27, 1962: Horry County, S.C., $52,640, 30 machine tool operators.

Project costs:

Industrial loans (repayable at 4-percent interest)	$3,249,270
Public facility loans (repayable at 3⅜-percent interest)	538,000
Public facility grants	628,300
Technical assistance contracts	599,100
Training and subsistence programs (Labor Department and HEW funds)	4,145,582

This is the last complete activity summary report. Future weekly reports will list current changes only. Keep this copy for a complete file.

Mr. BENNETT. Thank you very much, Mr. Chairman.

Unless you have some questions, that is all I have to offer.

Mr. BLATNIK. In your bill, Congressman Bennett, the Federal allocation would be 100 percent of the project cost. Is that right.

Mr. BENNETT. That is right. The reason for that, I will say to my friend, is that in areas like mine, and I am sure there are others around the country where they cannot match Federal funds, providing for a loan arrangement for these communities will be equally unsatisfactory and ineffective, because I do not think that they can repay the money and I do not think that the loans will be sound. I feel we ought to meet the problem head on and recognize that there is this need, and provide the money in the way of grants and get a feasible program submitted—one which can have the approval of the Federal Government and then go ahead and provide the money.

Mr. BLATNIK. Mr. Bennett, you are talking about the direct and immediate authorization and then appropriation of $500 million, which is similar to the $600 million proposal made by the President, to be pinpointed and directed toward those areas designated as redevelopment areas, and also labor surplus areas. The other part of the program embodied in the legislation before this committee is called standby.

Mr. BENNETT. Yes.

Mr. BLATNIK. And that would not go into effect at once, but would be available when economic indicators indicate the beginning of a downturn, and only after these indicators have pointed to a downward curve in the economy which indicates a recession, and these would halt the downswing by the use of public works projects. Do you have any comment or opinion to express on that standby provision?

Mr. BENNETT. No. I think that is a wise and a sensible program geared to the economy of the entire Nation. As I understand it, from reading the President's message, it is to be put into effect only when certain economic factors occur or when unemployment reaches a certain level. I think that is sound, sensible, and wise legislation, and I would certainly support it; but I repeat again that it is not the answer to the immediate problem which we face which is the problem that we have had in these areas of high unemployment for the past several years.

Mr. BALDWIN. Mr. Chairman.

Mr. BLATNIK. Mr. Baldwin.

Mr. BALDWIN. I am sure all of the members of the committee appreciate your coming before us this morning, and appreciate your

deep interest in the problem of unemployment in your area. We have had some hearings and have had some testimony in the hearings which has sent up a storm warning signal, however, as to what sometimes may happen if the Federal grants are practically the complete cost of the project.

For example, we set up a highway investigating subcommittee, which has held hearings regarding the use of Federal funds in a number of States, and most recently they involved Massachusetts particularly. Our Federal highway program provides 90 percent of the Federal funds for interstate highway routes. In the hearings we have held thus far, they bring out the fact that when the States get grants from the Federal Government that amount to even 90 percent, let alone 100 percent, of the total cost of the project, the States do not seem to take the same careful pains or give the same careful attention as to how those funds are spent and whether they are spent properly, as they might be if they had to bear a greater proportionate share of the cost.

We found some very bad misuses of Federal funds in Massachusetts, where the State was going out and buying highway rights-of-way for two or three times their actual cost. Apparently the stimulus of 90 percent Federal funds caused the State not to exert any particular controls at all.

The danger of a program of the type you propose, where we give Federal grants of 100 percent to local projects, with the projects being carried out by the locality, is that the locality may do the same thing as some of the States have done in the Federal interstate highway program, and relax their control over the use of the funds because they think they are getting the funds from some other source than their own finances.

Mr. BENNETT. I recognize that there is a problem involved, and certainly I am familiar with the highway problem you are talking about. Generally speaking, I favor matching grants on Federal-aid programs. Our Committee on Interstate Commerce has had many legislative programs emanating from it which in every case that I know of provided for matching grants: the Hill-Burton hospital program, the national airport program, and many others. Generally I favor that, but in this particular instance I think you have a special problem.

I am speaking from intimate knowledge only about my own district. We have the problem that we just do not have the matching funds and, therefore, I am willing that all reasonable safeguards be set up at the Federal level to see to it that there is not any wrongdoing such as has been found in the interstate highway program. But aside from that, if matching would be required, then areas such as I am talking about, areas such as my own area, would get no benefit from it because they just could not match it.

Mr. SCHERER. Will the gentleman yield?

Mr. BALDWIN. Yes.

Mr. SCHERER. There is another problem we find; namely, that there are communities which today are spending a certain amount of money on public works to relieve unemployment, and if the Federal Government would pay 100 percent for such public works projects as your bill requires, we would find those communities not spending for public

works the money which they are now spending, and instead rely wholly on Federal funds. So to some extent you would defeat the purposes of a bill like this by having less money spent on public works, particularly in those communities which would no longer spend what they would ordinarily spend on projects if there were no 100 percent Federal money available.

Mr. BENNETT. My bill would limit this to the depressed areas and those areas certified by the Area Redevelopment Administration as being areas which would meet the criteria as far as unemployment is concerned. But again referring to my own area, they are not spending any money on public works except in a very minimal way because of the lack of funds.

Mr. SCHERER. I think we have to recognize that there are some areas which today are spending some money on public works, and if the Federal Government gives them 100 percent they will use the money they are now spending on public works for other municipal purposes. Thus you defeat to some extent the objectives of a bill like this for public works projects.

Mr. BENNETT. It might be possible to write in some type of a means test for these localities. The ones that cannot afford it and which do not have the resources would be eligible for a complete Federal grant and those that can will match. I might say in that kind of a situation you are bound to get into a lot of difficulties, however, because making a determination as to whether a municipality is or is not able or would ever be able to repay a loan, for example, if one were made, is something that is a little bit difficult and time-consuming, to say the least.

Mr. SCHERER. As an example, there were some communities planning sewage disposal facilities, and when the Federal Government came along and provided some matching funds it was found that these communities delayed their sewage public works projects until they could get in line and get their share of the Federal funds. That is the only danger, as I see it.

Mr. BENNETT. I see the dangers that the gentleman refers to, and as I just said to Mr. Baldwin, I generally have opposed that type of complete Federal grants and favored the matching type because I think by matching, it places the responsibility where it belongs. The difficulty we are in in areas like mine, however, is that we have not derived any substantial benefit from the Area Redevelopment Administration's program such as we had hoped to or at least as I had hoped to when I supported that legislation. If you could provide the capital funds for private industry on a more reasonable basis than is provided for in the Area Redevelopment Act as it presently stands, then I know that in areas like mine many industries would have applied and would have by now received some funds and would be in the process of expanding their plant capacity or building new plants, as the case may be, and providing some additional employment. That has not happened and, therefore, I am suggesting this as an emergency temporary measure and not as a long-term proposition. My bill would provide only for a one-shot operation to take care of the so-called depressed areas around the country until such time as an area redevelopment program can be worked out which will be workable and feasible.

Mr. SCHERER. With the number of redevelopment areas we have, $500 million will not go very far, will it?

Mr. BENNETT. I think it would. It would go a lot further than the $9 million that the Area Redevelopment Administration has spent in the 9 or 10 months they have been in operation. They have approximately $400 million available but they have not been able to get rid of it.

Mr. SCHERER. We have $300 million authorized and appropriated for direct veterans loans for homebuilding. The President just put an embargo on the spending of that money, simply because we do not have enough cash in the Treasury to warrant making any more loans from that appropriation.

Mr. BENNETT. I suggest we take some of the foreign aid funds that have been unexpended and transfer them to that fund. I talked with the Veterans Committee yesterday about that and I think it is a disgrace. If the Congress pledged $500 million to veterans to loan them money for a homebuilding program, I think it is a disgrace to have the Bureau of the Budget and the Administrator of Veterans' Affairs shut it off.

Mr. SCHERER. What do you think is the real reason for that action by the administration?

Mr. BENNETT. I do not have any idea except speculation on my part. It could be that they do not want to get the budget any further out of balance between now and the end of this fiscal year. But whether that is the reason or not I do not know.

Mr. SCHERER. To keep the budget from getting out of balance, or is it because of the fact that they do not actually have enough cash in the Treasury to meet the current obligations?

Mr. BENNETT. I am sure I cannot answer that question. I wish I could. I do think we are spending a lot of money in areas where we do not have to spend it and not spending enough where it will do a lot more good for the American people.

Mr. SCHERER. This $500 million, I think you will agree, that is provided for in your bill, will have to be borrowed money, will it not?

Mr. BENNETT. I assume probably it would, Mr. Scherer. Unless, as I say, we cut down some of the public works projects we are financing, and apparently have the money to finance, over in Western Europe and a dozen other places all over the globe.

Mr. SCHERER. Being one of those Members of Congress who does not vote for those programs, I sort of agree with you. For instance, if we passed a standby bill and that is triggered off this year, it would mean we would have to accelerate the expenditure of $2 billion in the next year. The Director of the Bureau of the Budget told us the other day that before we could do that in the next year, Congress would again have to raise the debt ceiling to borrow that money.

I think we all recognize that the Federal Government is as bad off as some of these local communities.

Mr. BENNETT. I think that is probably true, but at least up to now the Federal Government is able to get funds more freely, than a small city or county, let us say, up in my congressional district or yours.

Mr. SCHERER. I think what is holding it up—and I am not criticizing the administration—is that the money is not in the till. That is the reason for holding up the $300 million for direct loans to veterans for homebuilding. But as we pointed out here, the release of

this amount would help the unemployment situation almost as much as anything that we could do. The holding up of that money just demonstrates the precarious financial position of the Federal Government at this time. I cannot conceive that with this unemployment situation as represented, and the President asking for the right to expend $2 billion more in this field how he could possibly hold up that $300 million if it were not for the fact that he was scared that the Federal Government might be in the position of kiting checks for the next 6 months.

Mr. BENNETT. Incidentally, that program is one of the few Federal programs that pays its own way. The veterans direct loan program, if there is any question, has brought $74 million into the Treasury in net profit, and as time goes on the profit they get from it will be much greater. That is not a grant or a cost program of the Federal Government at all, but is just an advance.

Mr. SCHERER. It does require the doling out of large sums of money from the Federal Treasury. That is one of the things that scares me in this act; namely, giving this discretion to the President.

Mr. BENNETT. Something has to be done to take care of people who are unemployed through no fault of their own. I think we must all agree with that. When you represent, as I do, a district where industry is closed down because of difficulties in the iron mining industry caused by a free trade import program which permits iron ore to come over here and be imported into this country cheaper than it can be manufactured here, help has to come from someplace. For that reason our industry closes down and our men are unemployed. There is no other place for them to go to be absorbed.

What do you do with them? Certainly there is an obligation somewhere, and my own feeling is, it is upon the Federal Government to try to help those people over this crucial period through which they are going.

Mr. SCHERER. The real cause of the unemployment in your district, as you just said, is this importation of foreign iron ore at a price less than you perhaps can produce it in your area.

Mr. BENNETT. Yes.

Mr. SCHERER. That is the disease which we have to cure. What we are seeking to do here is to put a mustard plaster on this problem.

Mr. BENNETT. I have a bill before the Ways and Means Committee that would cure it if they will pass it, but I am afraid they won't.

Mr. SCHERER. All right. That is all.

Mr. HULL. Any more questions on my right?

Mr. Bennett, we appreciate very much your being here.

The next witness will be Mr. William Murray, rural area development specialist.

Mr. Murray, would you like to have Mr. Overly and Mr. Partridge up there with you?

STATEMENT OF WILLIAM MURRAY, RURAL AREA DEVELOPMENT SPECIALIST, NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION; ACCOMPANIED BY KERMIT OVERBY, DIRECTOR OF LEGISLATION AND RESEARCH; AND ROBERT PARTRIDGE, LEGISLATIVE REPRESENTATIVE

Mr. MURRAY. Yes; I would, sir. I have a statement, Mr. Chariman, which I would like to read.

Mr. HULL. You may proceed.

Mr. MURRAY. Mr. Chairman and gentlemen of the committee, my name is William E. Murray. I am rural areas development specialist of the National Rural Electric Cooperative Association, which is the national service organization representing 971 rural electric systems operating in 46 States. I have with me Kermit Overby, director of our association's legislation and research department, and Robert D. Partridge, our legislative representative. We appreciate the opportunity to appear before this committee to present some of the problems as we see them relating to public works projects in rural areas.

The rural electric systems serve in parts or all of 2,700 of the Nation's 3,300 counties. Their service areas include most of those rural sections which have been identified as areas of underemployment and of low incomes. Many of these areas are burdened with economic and related problems which are beyond the means of the local community to deal with effectively.

The rural electric systems from their inception have been dedicated to community improvement. They have always been in the forefront of the struggle to raise living standards of rural residents. They have invested $3.8 million in bringing the benefits of central station electricity to rural people, which in itself represents one of the most successful and extensive capital improvement undertakings on record.

Moreover, the nearly 1,000 rural electric systems have created jobs for about 25,000 individuals. To this direct employment must be added the thousands of positions resulting indirectly from the availability of highline electricity.

Although rural electrics have made important contributions to the economic and social well-being of rural America, they recognize that their efforts must be substantially augmented in order to stem the tide of economic stagnation in rural areas and to curtail the outmigration from communities in their service areas. For this reason, rural electric systems have a basic concern with legislative proposals such as those being considered by this committee which have a direct bearing on maintaining a sound rural electrification program through the improvement of rural communities. Such improvements can help to stabilize communities and to attract new industrial and residential life.

Rural electrics realize full well that they have a vital stake in helping to reverse the declining economy of rural America. This fact is emphasized by the growing number of idle services along their lines. Already this number has reached a half million, and it is increasing every day. These idle services represent an investment of approximately $350 million.

The interests of rural electrics and of rural areas are inseparable. That is why rural electrics have actively supported the Government's redevelopment programs, especially those in the Departments of Commerce and Agriculture. While these programs have not as yet produced the results that we had hoped for, we think it is still too early to pass a firm judgment on them. However, after a year's experience it is becoming apparent that several gaps exist in the present programs of the Area Redevelopment Administration and the USDA's rural areas development.

The legislation being considered by this committee holds promise of bridging some of these gaps. One of the most serious is in the field of community facilities.

Under existing laws, the problem of community facilities in many rural areas is not being met on a broad enough scale. Nor do the Area Redevelopment Administration or the USDA have sufficient funds or authority to do this job adequately.

Moreover, we feel that assistance for constructing essential community facilities, such as water and sewer systems, should not be limited to those areas designated under the ARA Act. There are several hundred rural counties, in addition to the approximately 712 designated under ARA, that suffer from serious underemployment and low income. With the exception of a few uniquely fortunate areas, the small towns and rural communities of this country have not shared equitably in the Nation's prosperity and growth. The trend in job opportunities, incomes, numbers of people, facilities and institutions is downward. These sections of the country need the employment which a public works program would provide now. They also need the facilities now, for many of them cannot even begin economic and social rehabilitation until the physical facilities of their communities are installed or modernized. Unless the various legislation now under consideration by this committee is broadened, many of these areas will not be able to qualify for assistance.

It is our understanding that about half of the loan applications to the Community Facilities Administration are turned down because the communities applying do not have the financing ability to give reasonable assurance of repayment. This is not intended as a criticism of CFA, because that agency is charged with the responsibility of making loans that have reasonable expectation of being repaid. Undoubtedly, many communities, which have been turned down, would be eligible if they would increase their tax base. But it is also true that thousands of communities, particularly rural ones, have reached the end of the line as far as their taxing ability is concerned, while others have populations too small to amortize the cost of such facilities as water and sewer systems without charging prohibitive rates.

In the designated areas, this situation prevails on a wide scale. Under H.R. 10318, and the amendment offered by the President, it is doubtful that many rural areas could obtain much assistance, even though the legislation provides for a 50-percent grant and Federal loans to furnish the share required by the local community. The deterioration of these communities has reached such proportions in many areas designated under section 5b of the Area Redevelopment Act, that the ability to finance community public works projects has been exhausted or simply does not exist. It is, therefore, difficult to understand how there will be any considerable aceleration of public works in such 5b areas.

In the more numerous nondesignated rural counties, many communities still have some financing ability remaining, and would be in a position to participate in that part of the public works legislation which would go into effect immediately provided they are not excluded, as is presently proposed. Here I am referring to the $600 million proposed by the President.

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We are of the opinion that the interests of rural areas would best be served with the adoption of the provision in Mr. Blatnik's bill (H.R. 10113) for establishing a separate agency for public works coordination and acceleration. We believe this would result in the most effective and efficient implementation of the proposed legislation. Such an organizational structure would make the program less complex and cumbersome, and would, at the same time, place both the responsibility and authority in one agency instead of spreading it among many agencies.

Another serious gap that exists relates to the lack of grants for planning community facilities. Unlike larger cities, the smaller communities do not have the personnel or local experts to undertake planning. Often they cannot raise the funds for planning. To be eligible for a planning advance under section 702 of the Housing Act of 1954, a community must be able to show the Community Facilities Administration that it can definitely finance a project. Because of this stipulation, many depressed communities therefore cannot even qualify for planning advances.

To solve this problem we would suggest that direct grants be made to communities which find it an undue hardship to finance plans. The smaller communities are usually in desperate need of expert assistance in analyzing their problems and in formulating plans and programs. Such funds are not presently available on anything approaching a realistic basis.

If the rural segment of the Nation is to be helped by public works legislation, then provisions must also be made to provide for larger grants than 50 percent in those numerous cases where such are needed, and where without essential facilities the community is destined to deteriorate beyond a point where any program, Government or otherwise, can help.

While we believe an accelerated public works program, if designed to meet the problems we have described, can be an effective stimulant to the economy and at the same time provide urgently needed community facility improvements, we feel that an auxiliary program of housing construction could also contribute vitally to helping rural areas. And this would not require additional legislation. We refer to the rural housing loans program of the Farmers Home Administration.

It would seem logical that because of the desire of the administration to stimulate new employment opportunities, the FHA's housing loan program would not be allowed to grind to a slow halt. Congress authorized $430 million for this program last year. Yet only $75 million was allocated by the Bureau of the Budget. Since the inception of the program last October, the entire $75 million has been committed and FHA now has on hand $80 million in loan applications which it cannot honor.

Here then is is a program which meets a great need; one that has proved vastly popular, which has been authorized, which can create many jobs, and which can improve rural communities, but which is not being utilized to the extent possible.

We respectfully submit that if the decline of life and livelihood in rural America is to be halted, a broader program of loans, grants, and technical assistance is urgently required. We think that prevent-

ative action in the public sector of the economy is at least as justified as curative action; that responsible government can and must afford the means of dealing effectively with these basic needs which are beyond the capabilities of much of rural America.

Mr. BALDWIN. Mr. Chairman.

Mr. BLATNIK. Mr. Baldwin, first may I say the Chair wants to commend the gentleman for a very realistic statement, and obviously one based on very accurate, first-hand, practical knowledge of the problems in rural areas.

You raised some very interesting problems that have not been called to our attention so far, and you presented them well. We assure you they will be given careful consideration. Practically, even though many of the rural areas need help badly, they cannot participate as required by the present law of Area Redevelopment Act and the community facilities program. They cannot participate with other communities which are also hard hit, but which can raise the local participation. The communities that cannot raise this money will not be eligible because they are not classified as a labor surplus area, or Area Redevelopment Act area.

In the President's proposed amendment to the $600 million emergency program which is to get underway at once, he does recommend in his proposed legislation, and I quote:

SEC. 8. (c) If the President determines that an area suffering unusual economic distress (because of a sustained extremely severe rate of unemployment or an extremely low level of family income and severe underemployment) does not have economic and financial capacity to assume all of the financial obligations required, a grant otherwise authorized pursuant to this section for a project or program in such area may be made without regard to any provision of law limiting the amount of such grant to a fixed portion of the cost of the project or program.

It is the Chair's opinion that that could perhaps in some part answer the question about the problem you have raised, which is a very valid one.

Mr. MURRAY. We would agree with that, Mr. Chairman.

Mr. BLATNIK. On page 7 of your statement another important point is raised which is not too well understood, or very often mentioned Since most of these projects would be small, three-fourths of them on the local level, it has been my experience also that small municipalities and small villages and townships simply do not have the technical help to do the advance planning. In many cases their advance planning consists largely of telling the township supervisor or village clerk to draw up application papers, on which he does the best he can, and submits it to the Community Facilities Administration. They just do not have the help of a competent engineer. One reason for the slowness, as you stated, of the present community facilities program, in addition to the loans, is this very problem. It is a very important point and I bring it out because I appreciate your making it and stating it as clearly as you have.

Are there any questions on my right? Any questions on my left?

Mr. BALDWIN. Yes, Mr. Chairman.

Mr. BLATNIK. Mr. Baldwin.

Mr. BALDWIN. Mr. Murray, you mention on page 8 the Farmers Home Administration housing loan program. You are referring, I

take it, to the direct loan program to people in rural areas to enable them to build houses. Is that correct?

Mr. MURRAY. Yes, sir.

Mr. BALDWIN. You have mentioned that we authorized $430 million last year for this program, and you have pointed out that the Bureau of the Budget is only asking for $75 million, and that has been committed, and there is a $80 million backlog of applications. Does it not appear to you to be inconsistent for the Bureau of the Budget to come to us now and say we should appropriate $25 million this year in a speedup of a public works program, when the Bureau of the Budget is putting a speed slowup into effect as far as the Farmers Home Administration direct loan program going into effect is concerned?

Mr. MURRAY. It would appear so, sir.

Mr. BALDWIN. This is the thing that bothers me. The same Bureau of the Budget that approved a program to speed up public works has deliberately slowed down the Farmers Home Administration home loan program, and the Veterans' Administration home loan program, which collectively would provide great help to those same rural areas you mentioned in your testimony.

Mr. MURRAY. This housing program has proved to be a great thing. It has restored hope to many communities that have not seen a new house in many years. It is an outward sign to many that a dying community still has some life in it, and I think it restores some hope. Many of these communities are just sick, and they are bemoaning the past, but when these people express confidence and build new homes in these towns through such programs, I think it helps to boost the morale of the area substantially.

Mr. BALDWIN. I am sure you are right, and I would like to point out further that when the Bureau of the Budget clears some $25 million for a speedup public works program this year, the mechanics of that would move slowly, because it would be something that is a little bit new. However, if the Bureau of the Budget released that same $25 million into this Farmers Home Administration, where the applications are already on file, then those loans could be processed immediately, because they have the applications on file and are ready to build. Is that not true?

Mr. MURRAY. I would think so. In fairness to the Bureau of the Budget, I have not read—or this has not been firmed up, but I understand the Farmers Home Administration requested additional funds for this program and that the request for about $20 million has been granted. They requested $50 million additional for the rest of fiscal 1962.

Mr. BALDWIN. They requested $50 million?

Mr. MURRAY. I think this has not been firmed up.

Mr. BALDWIN. But even if that request of $50 million is granted, it would not take care of the $80 million of applications that are on file, let alone the fact that we do not know how many have been discouraged by finding out that there was this backlog ahead of them.

Mr. MURRAY. Yes, sir. That is true.

Mr. SCHERER. May I interrupt.

Mr. BALDWIN. Yes.

Mr. SCHERER. Do you know why the Bureau of the Budget has allocated only $75 million for these direct loans out of the $430

million authorized by the Congress? Do you know why they have done that?

Mr. MURRAY. I do not know why, but perhaps I might suggest a reason. This was a brandnew program. It was instituted in October. Perhaps the Farmers Home Administration did not accurately estimate the interest that would be created in this new program, and for that reason only part of the $430 million was allocated for this particular year.

Mr. SCHERER. But nothing, so far as you know, could prevent the allocation of additional sums if this program has been so successful.

Mr. MURRAY. No, sir. It is my understanding that the entire amount could be allocated in 1 year, if they wished. Isn't that correct, Mr. Partridge?

Mr. PARTRIDGE. Yes, sir. It is my understanding that there is the authority there to use such funds as may be needed. Of course, the program was created for a period of 4 years. I assume that the Bureau of the Budget, as is always true of these programs for a definite length of life, may have proceeded on the basis of apportioning the funds over the life of the program. It was our feeling before the program began that substantially more than the amount they did allocate for this year would be required.

We think this program is needed, and definitely needed. It is sound and it has some precedent in the direct loans program for farm housing which was previously in existence. The credit record on these loans has been quite good, and we see no reason why there should be as much delay as there is.

Mr. SCHERER. It could be for the reasons I have previously stated; namely, that such a good program as you say this is—that the reason for perhaps not allocating any more funds at this time is just the lack of cash.

Mr. PARTRIDGE. This is possible, sir. I frankly do not know.

Mr. SCHERER. You do not know of any other reason, especially when we do have this unemployment that has been suggested here?

Mr. PARTRIDGE. I know of no other reason.

Mr. SCHERER. This would help the unemployment situation, would it not, if these funds were released?

Mr. PARTRIDGE. It definitely would. Yes, sir.

Mr. BALDWIN. Will the gentleman yield?

Mr. BLATNIK. Mr. Baldwin.

Mr. BALDWIN. In further comment on the point you have made about it being a 4-year program, the $75 million so far allocated is not even a fourth, and if $25 million is added this is not even a fourth of the total. If the Bureau of the Budget says that there is an emergency requiring the speedup of public works program for which legislation is required, then certainly if they have a slowdown here they could be speeding up this program for which they have all the necessary authority to spend the money. Wouldn't you agree with that?

Mr. PARTRIDGE. Yes, sir. We do agree. Referring back to a statement Mr. Murray made, I think that the need and the speed at which this program would move was considerably underestimated. It was felt that since it was in its first year of operation in its present form, applying as it does both to farm and nonfarm rural housing, perhaps

the volume would be rather low. It had, in fact, been low when the loan program was restricted to farm housing and buildings only. This may account for the relatively low figure allocated this year.

Mr. BLATNIK. There is a question I meant to ask you earlier, Mr. Murray. You directed your comment to the needs of the rural areas and to that part of the public works program which would go into effect at once, namely, the $600 million program. Do you have any recommendation, or any opinion or thoughts whatsover to submit for the record on the rest of the program; that is, the so-called standby program where standby authority is provided and if certain economic conditions are met which indicate the beginning of a decline in the economy which appears to be leading us into another recession, then before too much of that time has elapsed, the President can trigger these public works programs to help stop the downturn.

Mr. MURRAY. In the framework of my presentation I would feel that if these changes were made in the standby it would certainly help the situation in the rural areas. In other words, you still have the same problem of a limitation of a 50-percent grant and the exhaustion of the local community's credit so that they cannot participate. I do not know how the legislation will finally be written or wedded to the numerous other bills that have been introduced. We particularly like some sections of Mr. Rains' bill with the emphasis on the smaller communities, but as a general comment it would seem to us that if this bill does not exclude these rural areas, because they are not designated, it would be a much greater help to the rural areas. We have many counties that are contiguous to these depressed counties, and in many instances these depressed areas are so sick that they may be beyond really helping and you may create bedroom cities which would be good places to live for an area 30 to 40 miles away where people can find a livelihood. However, in these contiguous counties, while they are not in such bad shape that they have been designated, still unless something is done and unless their economies are improved, they are going to be in the shape as the designated areas.

Mr. BLATNIK. The standby legislation does not include the limitation of an area redevelopment area or a surplus labor area.

Mr. MURRAY. We would be in favor of the fact that it does not have a limitation.

Mr. BLATNIK. Your main thesis is that there are rural areas, such as I have in my own district, which include small communities where help is needed now and need more help than is provided for under the existing immediate public works program.

Mr. MURRAY. Yes, sir.

Mr. BLATNIK. If there are no further questions of Mr. Murray, Mr. Overby, and Mr. Partridge, we thank you very much for your presentation.

Mr. OVERBY. Thank you.

Mr. PARTRIDGE. Thank you.

Mr. MURRAY. Thank you, sir.

Mr. BLATNIK. Our next witness will be Mr. Matt Triggs of the American Farm Bureau Federation.

Mr. Triggs, will you please take the witness chair?

STATEMENT OF MATT TRIGGS, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. TRIGGS. Thank you, Mr. Chairman and members of the committee.

Mr. BLATNIK. Mr. Triggs, for the record will you give again your full name, your official capacity, and title with the American Farm Bureau Federation?

Mr. TRIGGS. Yes, sir.

My name is Matt Triggs. I am assistant legislative director for the American Farm Bureau Federation.

Our statement has been distributed to you and I believe the most expeditious procedure would be for me to read it.

The opportunity of presenting the views of the American Farm Bureau Federation with respect to the issues under consideration by the committee is appreciated.

Farm Bureau is an organization of 1,600,000 farm families, voluntary members of 2,674 county farm bureaus in 49 States and Puerto Rico.

The interest of farmers in this issue will be obvious. Farmers fare best in an economy where employment is high and real income widely distributed.

The depth and persistence of unemployment indicates the economy is not operating as satisfactorily as it might and compels honest consideration of why this should be so and what corrective measures will improve the situation.

The view we will present for your consideration is primarily this: We do not believe that legislation to provide for an expansion of Federal expenditures for public works at this time, whether on a standby or immediate basis, is a desirable or an effective means of expanding employment; but rather that such action would have a longrun adverse effect on employment.

We have endeavored to set forth briefly below the specific reasons we believe this to be so.

1. Federal expenditures for virtually every purpose are expanding rapidly.

Federal budget expenditures during the past 20 years are summarized below:

Federal expenditures

[In billions of dollars]

War years, 1942–46 average	73.4
Immediate postwar years, 1947–50 average	37.7
1951–55 average	63.1
1956–60 average	72.7
1961 actual	81.5
1962 estimated	89.1
1963 budget	92.5

Source: Table B–55. Economic Report of the President.

You will note the increase since the postwar years.

This does not include nonbudgeted expenditures which are also increasing rapidly.

An increase in Federal budget spending of $16.4 billion a year between 1956–60 and 1962 has not reduced the number of unemployed

persons. We see no reason to suppose that a further increase in Federal spending will make any more impression on unemployment.

In 1960, total tax revenues of Federal, State, and local governments were 28.6 perecnt of net national product, the highest percentage in history. The percentage has been increasing steadily since World War II ("Federal Fiscal Issues," Tax Foundation).

We do not question essential expenditures for national defense. But expenditures for nondefense purposes are increasing even more rapidly. The 245-perecnt increase in Federal expenditures since the postwar years 1947–50 represents substantial increases in Federal responsibility for virtually every public purpose.

We believe that the paramount necessity for high defense expenditures should be at least partially offset by reduced expenditures for less essential purposes. The explosion in Federal spending for almost everything must be controlled if the strength of the economy is not to be sapped by excessive taxes.

Federal expenditures which necessitate taxation at levels which choke growth, stifle incentives, and absorb capital that ought to be invested in tools of production, can weaken our economic system.

2. We have apparently lost our capacity to balance tax revenues and expenditures.

Since 1930 there have been only 6 years in which the Federal budget has been in the black.

Continuing deficit financing has resulted in a gradual increase in the general price level. Occasional short periods of price stability do not hide what is actually happening. For 78 consecutive months, since August 1955, the Consumer Price Index has advanced above the same month in the preceding year.

To state the same thing in different terms, the value of the dollar has been declining for a sustained period of 78 months.

There is no evidence to indicate this long-term trend will come to an early end.

To unbalance the budget further, at the beginning of a period in which economic activity is expanding, can only operate to accelerate the inflationary trend.

3. Inflation is the enemy of economic growth.

In addition to the distortions and inequities created by inflation, it is important to recognize the adverse consequences of inflation on economic growth and job creation.

With inflation, the annually available capital, whether derived from profits or depreciation reserves, is not able to buy the same facilities or finance the same number of jobs.

An example will illustrate the point. Supose a million dollar asset is depreciated over a 10-year period, but due to inflation it costs $1.5 million to replace it. What has really happened is that (1) the owner has paid taxes on a bookkeeping but fictional profit of $500,000; (2) inflation has destroyed a part of the real worth of the invested capital; and (3) the capital recovered by depreciation reserves is not adequate to finance the same number of jobs and productive capacity.

Although not always recognized, there is no segment of our population with a greater stake in a stable dollar than the unemployed.

The concern of many investors with respect to the effect of inflation leads to a diversion of capital into wasteful purpose. For example,

some of the steady increase in farmland prices during the past 15 years, unwarranted in terms of earnings, was caused by the purchase of farmland as a refuge from inflation.

During the 1960's the annual net increase in the Nation's work force will average 1.35 million workers. Nearly as many workers will be replaced by automation and other technological change. Substantial investments will be required to provide jobs for such workers. We cannot afford the adverse effect of inflation upon investment and resulting job creation.

4. Economic growth and employment comes for stimulus to the private sector rather than Government expenditures.

Economic growth is dependent on many diverse factors such as climate, natural resources, the energy and morality of a people, education, economic organization, a stable political system—the whole organization and traditions of a society.

Assuming the existence of the basic prerequisites, economists vigorously argue the relative importance of a growing effective demand on the one hand and the role of adequate investment on the other.

We do not propose to argue this issue. It cannot be settled by argument anyhow.

We do, however, wish to emphasize that the availability of comparative statistical data relative to investment and growth provides strong empirical support for the thesis that there is a striking correlation between economic growth and investment.

Where investment is a small percentage of gross national product, unemployment is widespread and economic growth slow.

Where investment is high in relation to gross national product, unemployment disappears and the rate of growth is high.

The countries that "plow back" the largest percentage of income into the economic system are those with the fastest growing economies and full employment.

This apparent close relationship between investment and growth is illustrated for the major industrial nations in the following data:

[In percent]

	Average ratio of total fixed investment to gross national product, 1950 to 1960	Average annual increase in gross national product at constant prices, 1950 to 1960
Japan [1]	23.1	8.5
Germany	21.4	7.5
Austria	21.4	5.9
Italy	20.2	5.8
Netherlands	22.8	4.7
France	17.3	4.6
Switzerland [2]	23.5	4.3
Canada	23.3	3.7
Sweden	20.3	3.5
Belgium	16.3	3.1
United States	17.5	3.0
United Kingdom	14.5	2.6

[1] Data for 1953–60.
[2] Data for 1954–60.

Source: All data from "Capital Investment and Economic Progress in Leading Industrial Countries, 1950–60," George Terborgh, Machinery and Allied Products Institute.

In the second column we have entered the average ratio of total fixed investment to gross national product for the 10-year period from 1950 to 1960. You will note that the United States is comparatively low in this scale.

In the next column we have entered the average annual increase in gross national product at constant prices during this same 10-year period. You will note that in the past 10 years the United States rates comparatively low.

Review of the above data strongly suggests that the persistence of unemployment in the United States in recent years is not due to inadequate Government spending, but rather to inadequate private investment.

It is the expectation of profit that causes people to invest money and create job opportunities. Unless people have a reasonable expectation of making a profit there will be no expansion of employment.

We do not believe that even on shortrun basis Government spending for public works to provide employment can make a significant dent on the amount of unemployment.

The effective approach to increasing employment is to find ways and means to encourage growth in the private sector. The key elements of such ways and means are incentives and sound money.

The crucial need for more jobs is defeated by concentrating our attention on Government spending and activity; defeated because Government spending and inflationary fiscal practices reduce the capacity of the private sector to grow and provide jobs.

Deficit financing is not the road to a strong, growing economy.

5. The substitution of government for private expenditures does not add to employment.

Money spent by Government provides employment. But the same amount of money left in the private sector, whether spent for consumption or capital investment, will provide a comparable amount of employment.

We do not increase net employment by taxing people and spending the tax money so collected to put people to work.

In fact, net employment is likely to be reduced by increasing the percentage of the gross national product that goes to taxes and Government expenditures. The reasons this is so, in addition to those previously mentioned, are these:

(*a*) Private investment, being governed by market forces, goes where it is most needed and will provide most permanent employment.

(*b*) Public investment may be wisely directed, but may also be misdirected for political and many other reasons, into less efficient and less useful purposes, thus providing less assurance of permanence of employment.

Expanded Government spending is a deterrent to the growth of a productive, private economy. Wealth siphoned off by taxes cannot be used to expand the Nation's economy.

6. The inflation in prices created by deficit financing would contribute to the adverse international payments situation.

An increase in Federal expenditures for public works at this time would have an inflationary impact on costs and prices.

The already adverse international balance-of-payments situation could be easily aggravated by such action.

The dollar serves as the major convertible currency, the depository of reserves, for most free world nations.

Incalculable harm would be done to our status and role in world affairs if international confidence in the value of the dollar should be impaired and set off a new "run" on dollar reserves.

We believe it is imperatively necessary to the maintenance of the status and prestige of the United States and to the maintenance of the unity of the free world that the present adverse balance of payments be corrected, and soon.

Secretary Dillon said recently:

> The free convertibility of gold and the dollar is the cornerstone not only to our monetary policy but the entire international financial system.

Whether the balance-of-payments situation will be reversed and confidence in the value of the dollar maintained, or whether the outflow will continue with resulting disruptive impact, depends on our ability to prevent inflation and an upward trend in costs and prices.

7. The emphasis upon Government spending to create jobs diverts attention from essential corrective action.

We need to move effectively to restore incentives to investment, restore confidence in the capacity of the Federal Government to help assure a stable currency, and to create confidence in our ability to stem the adverse flow of international payments.

If we fail to accomplish these purposes we will have more, not less, unemployment.

If we fail to accomplish these purposes, the net effect will be national weakness, not national strength.

The centering of public attention on Government spending as a means of providing employment defeats the desired objective because it diverts attention from what needs to be done.

Many persons are led to believe Government is moving aggressively to meet the problem when actually we are annointing the symptoms.

8. Expansion in public works expenditures in the form contemplated by H.R. 10113 and H.R. 10318 involves an unwise delegation of excessive authority to the executive branch.

No matter how wise and judicial the administrators of public works programs may be, it is human nature that they will be influenced by the pressures that beat upon them to allocate funds for this or that purpose, to favor this or that project or area, to please this or that prominent person, or powerful organization.

We believe that Government expenditures for public works projects should be specifically authorized by Congress, in accord with established procedures, and that we should avoid any broad delegations to the executive branch of authority to decide how, when, and for what purpose Federal funds should be spent.

Most of the kinds of public works contemplated in standby bills under consideration by the committee are already authorized by various statutes, Community Facilities Act, Housing Act, highway legislation, airport legislation, depressed areas legislation, and so forth. If at some future date an expansion of authorizations and/or appropriations for this purpose should be considered necessary for anti-inflationary purposes, we believe the traditional procedures by which Congress so decides should be utilized. We believe Congress can

act with sufficient expedition. We believe it to be of paramount importance that Congress retain its traditional "control of the purse strings."

9. An expansion in public works is not well designed as an anticyclical measure.

Government fiscal practice contributes to contracyclical purpose if Government expenditures are less than revenues in periods of growth and more than revenues in periods of decline.

Essentially the same anticyclical effect is created during a recession by a reduction in taxes as by an increase in expenditures. We believe that tax reduction is preferable to increased spending if either is to be used to stimulate the economy.

Initial expenditures for a public works program is likely to be followed by (1) pressures to increase spending for such purposes, and (2) pressures to spread available funds more uniformly across the country.

The deferral of needed projects until it is determined that the economy needs stimulating, and the initiation of projects to "make work" are both likely to lead to wasteful use of capital resources.

If deficit financing is to be used for contracyclical purposes, it is all the more important that governmental revenues exceed expenditures during periods of growth. Otherwise fiscal practice will have explosive inflationary impact.

10. No Federal stimulus or subsidy is needed to encourage local governments to provide for local needs.

Local tax revenues to provide public purposes and activities continues to increase rapidly, setting a new record each year.

Local taxpayers, although selective in their action, as they should be, are showing no reluctance to vote bond issues to pay for local improvements they want.

Sale of bonds of local governments is increasing annually and reached a new record level in 1961.

Financing of local government bonds at low interest rates has not represented any problem.

This, to our view, is a desirable situation. In general, citizens are buying the public services they want and are willing to pay for. This represents self-government at work.

But when "free money" is provided by the Federal Government, this relationship becomes disturbed. The issue becomes less "what are we willing to pay for" and more "what free money can we get from the Federal Government."

Local initiative and responsibility is subordinated to a scramble to get more "free" Federal money.

The "successful" mayor is the fellow who can get the most from the Federal Government.

The statement presented to this committee on March 30 by the Investment Bankers Association demonstrates that local government contracting is already on a contracyclical basis as local officials defer postponable projects to take advantage of lower interest money during recessions.

Our conclusions are obvious:

For these reasons we respectfully urge that no legislation be enacted providing for an expansion in Federal expenditures for public works.

The opportunity to summarize the view of the American Farm Bureau Federation on these issues is appreciated.

Thank you.

Mr. BLATNIK. Mr. Triggs, obviously this is a well-thought-out statement and done with care. Mr. Twiggs, are you an economist?

Mr. TRIGGS. I do not call myself an economist. I have had some economic training, yes, but I think the tradition of the trade is that you have to be a Ph. D. and have taught or worked in this field as an economist.

Mr. SCHERER. Your economics makes much more sense to me than the economics advanced by the long list of so-called economic experts who have appeared before this committee.

Mr. TRIGGS. Thank you.

Mr. BLATNIK. May I continue?

Mr. SCHERER. Including Mr. Heller.

Mr. BLATNIK. Here is a problem we have. Out in the iron ore areas where I come from and in the iron ore areas that Mr. Bennett comes from, the Congressman who testified here earlier this morning in behalf of a public works program, we do not see where further investment in steel producing capacity will provide any more jobs when in 1957 and 1958 there was a recession and, of course, in 1959 there was a strike and again a recession in 1960 and 1961, and we were down to using 50 percent of the steelmaking capacity which finally went up to about 62 percent. In other words about one-third of the capacity was idle, and unused because of several reasons, primarily because of the lack of demand or the ability of consumers to buy automobiles. In the last few years we had a backlog of up to about 800,000 automobiles that were sitting around, because of the lack of purchasing power of the farmer in Iowa, for example.

The farm implement companies are the biggest consumers of steel in our economy along with the automobile companies. The International Harvester Co. and the John Deere & Co., cut down on their orders of steel from the mills with the result that the furnaces of the steel plants were cut back, which meant in turn that they cut down on orders of iron ore, and that goes on in a continuous cycle.

Mr. TRIGGS. I fully agree that there are times and places where there is unused capacity, and this is particularly true in recessions. Incidentally, the same comment might be made with respect to the economy of Brazil, or India, where there is certainly a need for great expansion in capital investment. Even so, however, I think it is a matter of growing concern to the people of the United States that our industrial system is getting pretty old. The average age of our industrial capacity is now older than some of the countries with whom we are in competition in world markets. The idea that because we occasionally have surplus capacity that means all we have to do is stimulate demand in order to put people to work, is a persuasive proposition, except that whenever we examine the specifics of how to stimulate demand, it always turns out that these are grossly inflationary proposals if they are going to be of sufficient scope to do any good; and many of the proposals that are advanced do not really do it anyway. In fact they may have an adverse effect.

I tried to avoid this argument in our statement by presenting the comparative statistics which now appear to indicate that the key

factor is investment and that there is a close correlation between investment and economic growth, and that the United States is falling down in this respect.

Mr. SCHWENGEL. Mr. Chairman.

Mr. BLATNIK. I have a few more questions and then I will pass to the other members.

In your chart on page 4 you have some figures which are very impressive and accurate but there is an allowance or an explaination that can be made for countries like Japan, Germany, Austria, Italy, the Netherlands, and France, who are in the upper bracket of the average ratio of total fixed investment to gross national product. Practically in all of those countries there was severe destruction of their industrial capacity. For example, a short 12 years ago in Germany they had no steelmaking capacity. There was a phenomenal recovery and they are competing with us right now here in Detroit and Toledo and the Great Lakes ports with steel products. But with our foreign aid program and the investment of American investors over there they have been able to build brandnew plants; so for the time being, we have the situation existing where our existing plants remain unreplaced. We have had a considerable expenditure between 1946, though, and the period after the Korean war in 1954.

Mr. TRIGGS. I am not sure whether it was good judgment or just good luck, but certainly our capital contributions to the recovery of other countries did help. I do not know whether it was good judgment or just good luck that the countries that were devastated so operated their economies so as to provide a high level of profits and a high level of investments. They did it, they were wise enough to do this, and had very good results with very fortunate consequences of maximum economic growth and full employment. These policies worked so well that they have been continued, and they have continued to work well, far beyond the period of rebuilding. The economies of these countries are forging ahead with new vigor and growth and activity. In fact this is one of the most important developments of the 20th century, which in the long run will be very good for all of us.

So while there was an urgent need for rebuilding, the point I want to make is they went about it in the right way and didn't assume that you rebuilt by public works. They assumed that you rebuilt and created employment by providing incentives for investment in private productive capacity, and this is what they did, with amazing results.

Mr. BLATNIK. But the situation you will agree was quite a bit different. Here we already had existing capacity but at times we were not using as much as 20 percent of the overall industrial capacity of the country. For example, you rely on—and I wish it could be done and that it would work—but you rely only on private investment. However, what about the relation of consumption in capital investments? Again I come back to the steel industry, not because it is the only important one or necessarily the most important one, but it is important to us in our area of the country and I know a great deal about it.

How can you get anyone to invest more capital in the steel industry with much of its investment still unused? How can you get people to spend any money on farm equipment and refrigerators when, as I recall, in the period of the 1953–54 recession and again in 1957–58, warehouses were bulging with appliances of all sorts—stoves, refrig-

erators, television sets, radios, and farm machinery was backlogged on the lots, along with all of these appliances that I have seen myself. How do you move that?

Mr. SCHERER. By reducing the price of it.

Mr. DOOLEY. The capacity of the steel industry was based on a wartime potential and we will never achieve that again until we have a conflict of some kind.

Mr. BLATNIK. That is not true, Mr. Dooley. There was a tremendous expansion and a large investment in the steel industry's capacity after the war.

Mr. DOOLEY. After the war?

Mr. BLATNIK. Yes. It runs into something over a billion dollars. I cannot give you the exact figure.

Mr. DOOLEY. I thought it was wartime.

Mr. SCHERER. Is it not a fact that there are tremendous markets in this world for automobiles, and for refrigerators, and for every type of appliance that you can think of, and that if you reduce the price of these products you increase your market substantially? I remember reading that when you reduce the price of a refrigerator by only $15 it means that there are so many more families in the United States, and that would apply to all countries of the world, that are in a position to buy a refrigerator which they need. When you decrease the the price of a home in this country by $1,000, it means so many more people who are now renting today are then able to buy a home they need. Is that not true?

Mr. TRIGGS. There is no question that demand depends on the level of price. Sometimes it is just as important to keep a price from going up as it is to reduce the price, which may or may not be practical.

Mr. SCHERER. Have not some of our surpluses in this country been created because of the high price of our commodities due to high labor costs and high taxes, so that we have lost our European markets?

Mr. TRIGGS. There is no question about it that we have had an inflationary wage situation and this has been reflected in inflationary costs and prices, and it is getting to be more and more difficult for some segments of the American industry to compete in world markets. We still, fortunately, have a surplus of exports. If we did not we just could not finance our international aid programs at all, but they are not as large as they need to be in terms of our net deficit in the balance-of-payments situation.

Mr. BLATNIK. I wanted to yield to you because I thought you were helping the witness to answer the question, Mr. Scherer, but he has not answered it yet.

How can you induce private investment, for example, in the steel industry in capital investment when you have such a large and substantial capacity still available and unused; or how can you stimulate private investment or consumption by people out of work who cannot buy the consumers goods that are stockpiled in warehouses that are bulging with these goods? The gentleman made a good point that the prices, if reduced, might encourage the sale, but the record shows even with the steel industry operating at 100 percent of capacity the price of steel was not lowered and consequently the price of automobiles and farm implements could not be lowered. How do you answer that, Mr. Triggs?

Mr. TRIGGS. To answer your first question, how do you induce investment—investment is induced by the hope of individuals to make profit and nothing else. That is all there is to it. The better the profit they hope to make the more investment they make. Of course there is a condition precedent to this which is that the economy is producing profits for investment—profits and savings—and it is because of the decline of profits and savings relative to gross national product in the past decade in the United States that has resulted in the declining level of investments relative to gross national product.

Incidentally, the ratio of investment is declining even more sharply in the past 5 years than in the preceding 5 years. That is a most disturbing situation. It does not look good at all for our opportunity to provide jobs for the new entrants into the work force unless we find ways and means to stimulate investment. The No. 1 problem is to convince people that this is a problem. As a nation we have not recognized it as a problem at all yet.

Mr. BLATNIK. Do I understand you mean we should invest more money in the steel industry and enlarge its capacity even further and in that way provide more jobs?

Mr. TRIGGS. I am not sure that the steel industry is one that needs more investment. I do not know enough about this industry to know that. However, in a growing economy in which investment creates its own demand, incidentally, I would suspect in time that the present investment in the steel industry would be determined to be inadequate. As of now I do not suppose this is one of the areas in which investment is needed.

Mr. BLATNIK. Do you have any explanation as to why we should have had three recessions in the past 8 to 10 years and with each succeeding recession dipping deeper and taking a longer recovery time and not quite reaching the level that we had left before, and then dropping off into another steeper recession, and even more quickly?

Mr. TRIGGS. This is a very critical situation. I think we now have substantial empirical evidence to go on.

The argument that it is a question of inadequate demand does not seem to be answering the problem. I think that the evidence is beginning to indicate more clearly with each passing year that the basic problem is a failure of investment, and until we find ways and means to stimulate investment the number of unemployed will continue to grow rather than decline. Public works expenditures will not really help here.

Mr. SCHERER. And you stimulate investment, as the chairman indicated, only when you have the demand for the products; and demand is created by more markets. By keeping our prices high due to inflation and high labor costs and taxes, you decrease your demand, as I pointed out before. If I could buy a suit $50 cheaper I might have four or five suits instead of the number that I have. I might have two radios and two televisions. You increase your demands by making more things available for more people at lower prices.

Mr. WRIGHT. Mr. Chairman.

Mr. BLATNIK. Mr. Wright.

Mr. WRIGHT. Mr. Triggs, you stated here on page 5:

> We need to move effectively to restore incentives to investment.

You have said you feel this is the key to economic recovery.

Now last week I believe we passed a bill in the House which contained some tax credits to encourage tax improvement, and so forth. Did you feel that that was a step in the right direction?

Mr. TRIGGS. I am not really a tax expert, Mr. Wright. Our position was that the circumstances were sufficiently crucial as to necessitate going all the way.

Mr. WRIGHT. I beg your pardon?

Mr. TRIGGS. Going all the way to provide incentives; that is accelerated depreciation, and that such action would provide a major impetus to growth. Credit for investment does provide an incentive for investment, too—I think less effective. At least our tax and research people felt it was less.

Mr. WRIGHT. Do you folks support that bill?

Mr. TRIGGS. No.

Mr. WRIGHT. Did you oppose it?

Mr. TRIGGS. Yes.

Mr. WRIGHT. You opposed the bill?

Mr. TRIGGS. Not particularly for what was in this particular area but some other features of the bill, particularly those relating to taxation of cooperatives.

Mr. WRIGHT. Taxation of cooperatives? You are against that?

Mr. TRIGGS. You are opening up a big area.

Mr. WRIGHT. I think we are on the subject.

Mr. TRIGGS. No. We are not against the taxation of cooperatives. We were against the particular cooperative tax proposal in this bill. We submitted an alternative proposal to the Ways and Means Committee that they considered but did not adopt.

Mr. WRIGHT. We have tried to do something to encourage and provide an incentive for plant investment which would seem to me to be the kind of thing you are talking about.

Mr. TRIGGS. It certainly has this purpose and only experience will indicate whether or not it is an adequate means to provide the incentive.

Mr. WRIGHT. Here on page 6 of your statement you said:

Essentially the same anticyclical effect is created during a recession by a reduction in taxes—

and—

we believe that tax reduction in preferable to increased spending if either is to be used to stimulate the economy.

Back in 1955 we recognized a considerably recessionary trend, and at that time we were trying to develop a reduction in taxes to stimulate the economy through buying power with a $50 individual income tax credit. Do you recall the position your folks took on that?

Mr. TRIGGS. Yes. We supported the $50 income tax credit. We had a little different purpose than we have been discussing here in supporting this. We thought that an expansion, a broad expansion of the ownership of American industry was a desirable thing, and that this small credit, small as it might be, did provide an incentive to encourage this.

Mr. WRIGHT. This is somewhat at variance with the urgings I received from the Texas Farm Bureau Federation. They said they were against this then and it was very hard for me to understand.

Mr. TRIGGS. Against the $50 credit?

Mr. WRIGHT. Yes. The 1955 bill that we had up at that time.

Mr. TRIGGS. I don't understand that either.

Mr. WRIGHT. Which barely failed of enactment. I was petitioned by the head of the Texas Farm Bureau Federation to be against that.

Mr. TRIGGS. There may be some other features involved that we have forgotten about because as an organization we favored the provision of the tax bill, whenever it was enacted.

Mr. WRIGHT. Back here on your last page you have said:

> Financing of local government bonds at low-interest rates has not represented any problem.

Do you know what the average interest rate is for local government bonds now?

Mr. TRIGGS. I do not have the testimony of the investment bankers with me. I happen to have had this because they are in the same building as we are and we know them. Their testimony was to the effect that it was somewhere around 4 percent.

Mr. WRIGHT. That is correct. Some cities have to pay as much as 4½ percent. As former mayor of a municipality I can remember bonds that sold just a few years ago at 2⅛ percent so you have what amounts to at least a 2-percent increase. In some cases the present rate is more than double the amount that municipalities have previously had to pay on those bonds. When you have had this effect of the hard money policy increasing the interest rate that the municipality has to pay on its bonds by 2 percent, and you are considering 20-year bonds, with that 2 percent additional increase, you are increasing it by 40 percent above the principal amount of the bonds. Don't you feel that is inflationary?

Mr. TRIGGS. Well, I guess all of us prefer to borrow money at cheaper rates. Of course the upward trend in interest rates is one of the evidences we have of a shortage of capital resources in the United States. Interest rates are not going up because people want them to go up but because if they do not go up we will lose capital to other countries, because this is a supply and demand interest rate. The ability of the Federal Government to affect the interest rate is not unlimited. There are some things Government can do, but if they are not careful they just create such situations as a net outflow of international payments.

Mr. WRIGHT. Has your organization taken any position against a hard-money policy?

Mr. TRIGGS. We do not take any position on hard versus soft money, but we do recognize that interest rates are a function of the law of supply and demand and that Government action can affect them, but not very much.

Mr. WRIGHT. My experience has been that trying to finance local government bonds at low interest rates has presented a problem, contrary to your testimony.

Mr. TRIGGS. It does in terms of the increased cost of interest. Yes, sir.

Mr. WRIGHT. When you increase the cost of a project by 40 percent above the principal amount, you certainly do create an inflationary impact don't you?

Mr. TRIGGS. I doubt that an increase in interest rates is an inflationary influence in our whole society.

Mr. WRIGHT. You doubt that it is?

Mr. TRIGGS. Yes; I doubt that it is. An increase in interest rates has a general deflationary effect. Perhaps not a major one, but it encourages people to reduce inventories and that sort of thing.

Mr. WRIGHT. It encourages people not to buy so much, too, doesn't it?

Mr. TRIGGS. Yes. It encourages people not to build up debt and not to make loans for this or that until some later time. It encourages postponement of buying.

Mr. WRIGHT. When you discourage loans, sir, and when you discourage people from buying things, you have a deflationary impact but also you have an impact that makes itself felt most adversely on the job market, don't you?

Mr. TRIGGS. Yes, sir.

Mr. WRIGHT. And this has the effect of creating fewer jobs?

Mr. TRIGGS. Well, yes; but during a period of growth, which is when interest rates do go up, there is no alternative. When interest rates do go up they do tend to reduce the level of employment or the incentives for employment and therefore have a contracyclical influence. This is part of the mechanics of leveling off a boom just as we have built into our society some mechanics for leveling off the bottom of a depression.

Mr. WRIGHT. You say that, "If deficit financing is to be used for contracyclical purposes, it is all the more important that Government revenues exceed expenditures during periods of growth." I think this would be an ideal economic situation, perhaps, but it presents a very difficult practical situation. Do you have any specific ideas along that line?

Mr. TRIGGS. Well, it obviously represents a very difficult practical situation. Most of the governments of the world have not been successful in meeting this challenge. Most of the governments of the world have inflated currencies at one time or another with disastrous effects upon their economy and upon the level of employment and economic stability. We hope in this country we are wise enough to deal with this problem.

Mr. Wright. You have said on page 5 of your statement that—

> net employment is likely to be reduced by increasing the percentage of the gross national product that goes to taxes and Government expenditures.

Do you have any figures available as to the increase in the percentage of the gross national product that has gone into Government expenditures? Do you have comparable statistics showing the amount of increase in the gross national product as opposed to the amount of the increase in Government expenditures?

Mr. TRIGGS. If I understand what you mean, in 1950, 23.6 percent of the gross national product went to Government—Federal, State, and local.

Mr. WRIGHT. What percent?

Mr. TRIGGS. 23.6 percent. Then you skip, let's say, 5 years. In 1955, 24.7 percent of gross national product was in the form of tax receipts. In 1960, to skip another 5 years, the percentage is 26.1 percent. It is creeping up steadily. A larger percentage of our gross national product is going into tax receipts. I don't know where the proper place for this to be is, but I am sure there has to be an end to this trend at some point. The increased level of taxation saps the vitality and strength of an economy.

Mr. WRIGHT. In 1932 the gross national product was some $39 billion. How would you assess it today; $300 billion?

Mr. TRIGGS. The gross national product is currently about $530 billion.

Mr. WRIGHT. $530 billion?

Mr. TRIGGS. That is within 2 or 3 percent of being right. I have the exact figure for 1960. It was $504 billion.

Mr. WRIGHT. So we have enormously increased the gross national product over the past 30 years?

Mr. TRIGGS. Yes, sir.

Mr. WRIGHT. However, the increase in the last few years has been somewhat disappointing as compared to the increase in certain of these other countries, as you so ably pointed out. In a discussion of the matter of wages and prices and their effect upon employment you would conceive, would you not, that the low wages have a bad effect upon buying power?

Mr. TRIGGS. We would concur with the principle that real wages should be at the highest level that the economy can sustain. I said real wages. An increase in cash wages does not necessarily increase effective demand, or increase the average purchasing power of the economy. This is because a wage increase is also a cost increase, and it is a price increase of approximately the same amount, leaving the economy right where it was as far as purchasing power is concerned.

Mr. WRIGHT. This is not in keeping with the reports that I have seen from the Department of Commerce. For instance, reports released a couple of years ago by the Department of Commerce before the change in administration reveal that after taxes had been paid, and when the average income of the median American family had been calibrated so as to account for increased prices, the average American family was still a great deal better off in actual buying power than it had been at any other time. The strength of a society is determined, is it not, by what you have left after you have paid your taxes, and what that will buy in terms of usable goods.

Mr. TRIGGS. That is right. Of course, if wage rates increase at a level in excess of the gain in national productivity, the result is an inflationary cost in wages and prices. Nobody really benefits from this fact. It would be far better if the increase in wage rates should be contained within reasonable limitations. I agree with President Kennedy and Secretary Goldberg on this. They have been doing everything they can to prevent inflationary wage increases. They have been doing this because of the adverse effect of inflation on the international balance of payments. I concur with the idea that restraints are needed in this area, but I believe that the restraints should be by law rather than by the action of an agency of the executive branch of the Government.

Mr. BLATNIK. Off the record.

(Discussion off the record.)

Mr. SCHWENGEL. I would like to tell the committee I have known Matt Triggs since I have come to Washington, and that we have had a relationship comparable to what I would think of as a relationship with a friend.

Mr. TRIGGS. Thank you.

Mr. SCHWENGEL. I also want to say to the committee I have had many, many discussions about many things in Government with him, and especially about the farm question. I want to say to the committee that you have before you one of the most apt students of the farm problem, and certainly one who is not unaware of the national economic picture. As he will testify, I am sure, we have not always agreed and we have not always come to the same conclusions when we appraised the figures and discussed the problems we were discussing, especially in the area of farm legislation, but I am willing to testify that he is well grounded in his beliefs. I also want to say that he represents one of the finest farm organizations this country has ever seen.

Mr. TRIGGS. Thank you very much, Mr. Schwengel.

Mr. SCHWENGEL. And I can testify to their virtues because I have been working with them for a long, long time as a member of the Farm Bureau, and a part of their program as far back as 1918. So I know something about the Farm Bureau program and its development and I have tried to help shape its destiny. My father was very active in it. When I became a member of the Iowa Legislature I again had the pleasure of working with your people in Iowa and I can say they are a dedicated group and an aggressive group and try to keep public welfare and public interest in mind always. I can testify that but for you, my friend, in the State of Iowa we would not have made the progress in the field of education and would not have gotten State aid to schools and a lot of other things that the State needed for its development. So I can say, Mr. Chairman, they are not against Government having a proper place in the scheme of things. Before I close, I wish I had more time to speak on this, but I wish to commend you for this marvelous statement. I think it was one of the finest statements made before this committee, and I am certainly glad that you laid great stress on the problem of inflation. This is so important that every American ought to be interested and concerned about this because today money means more to more people than ever before.

Mr. BLATNIK. The Chair does not want to interrupt this fine statement. We want to continue it and will hear the fine laudatory comments at 2 o'clock. The committee will be in agreement on that. Can you be here at 2 o'clock?

Mr. TRIGGS. Yes, sir.

Mr. BLATNIK. Mr. Davey, we apologize for holding you. Will you be available to follow Mr. Triggs after 2 o'clock?

Mr. DAVEY. We can, Mr. Chairman.

Mr. BLATNIK. Thank you. The hearings will recess until 2 o'clock this afternoon.

(Whereupon, at 12:20 p.m., the hearing was recessed until 2 p.m. of the same day.)

AFTERNOON SESSION

Mr. BLATNIK. We will resume our public hearings on standby capital improvements legislation before the committee.

Mr. Triggs, we appreciate your staying over the noon hour. The members do intend to be back, not for interrogation, but questioning.

Mr. Triggs, if I may pursue the matter further on the responsibility in one of the pieces of legislation, it has always been my contention, of course, that the primary responsibility for making our economic system work ought to be, and should be, and is in the hands of private enterprise, but it is quite obvious that our economic development does not move in a straight line. It has its ups and downs. If they are moderate it is not much of a problem, but when the dips get too deep and the period of the dip is too prolonged, at that point there are a considerable number of American people who are subjected to quite distressful economic conditions. Our belief is that a great and proper role can be played in a joint effort of municipalities with Federal support to use these public works and have them act as shock absorbers when there is a drop and decline in the private sector of the economy. When things are causing too much of a burden on too many people, with a little upgrading and stimulation in the public sector, and confining it as much as possible to bone fide sound public works projects, and mostly small projects which first of all can be gotten into action earlier and terminated more quickly, we can accomplish a leveling out.

Secondly, there is less room for waste in this type of project and less room for inefficiency than in pushing through a large project.

Thirdly, there would be close supervision by the engineer of a small or moderate size community or municipality, or rural area.

Do you feel that there is any room for or need for it, or should we, as we come to a recession, as we have in the last three recessions, stand by and wait in the hopes that the private sector will be able in rather short order to bring the economy back to a reasonably good, healthy level again?

Mr. TRIGGS. We are strong advocates of the administration of Government fiscal and monetary matters in such manner that during periods of boom they have a tendency to level off the boom and, during periods of recession that they have a tendency to level off the downward trend. Our economy is fairly well geared to do this the way our tax and fiscal matters are handled, but I would make two points in this connection. If we are going to use fiscal measures during recession periods as a means to stimulate the economy then it is imperative that we have some surpluses during periods of economic growth. Otherwise you are embarking on a course of Government action with tremendous inflationary consequences.

The second point is this: You should not try to treat a basic problem of failure of economic growth with Government expenditures. This is I think where we are in our economy. We have not grown as fast as we should in the past decade and we show no signs of reversing this trend. Therefore, it begins to look very much, from the evidence that is becoming available, as though the basic problem of stimulating economic growth—as separate from the problem of balancing off the ups and downs of the economy—that the basic problem of economic

growth is one that has to be tackled by providing incentives for private investment. If we fail to deal with this as the basic problem, and assume that we are tackling the basic problem with an increase in Government expenditures, the situation is going to get worse rather than better.

Mr. BLATNIK. Yes, I certainly agree with you that it is not only desirable but necessary that in relatively prosperous times we have a surplus. Again, I am trying to make it very clear that we do not propose, and certainly do not delude ourselves into thinking that this public works program is a substitute, or is a major anticyclical or anti-recessionary item, but we do feel it is a very important auxiliary. If we do not do so it does not mean that you are saving the Federal expenditures because your unemployment costs go up. I believe that we cannot stand by. These people without jobs have to live, and somebody is paying for it. They use up their savings and of course their friends carry them, and the people like the local butcher and the grocery store, and so forth. But the time comes when someone else must support them and that is when unemployment compensation comes in and when local welfare relief costs go up.

If we want to spend, as we did in the 1961 recession, $4 billion for unemployment compensation, not including the local costs, which would run to millions and millions of dollars, that is one thing. I remember in my local district in northeastern Minnesota, throughout the county the local relief costs went up. If we could use some or a portion of that money to put these men to work to build badly needed facilities in the community, we believe it would help.

First of all, they feel better if they are working and, secondly, it is a psychological help to the community to see gravel trucks and bulldozers moving around and men working, and to see an old rundown firehouse torn down. It helps in small communities to have urban renewal with new stores and private places of business being built up with the investment of private capital. It is my contention it would be far more desirable to use as much of this money to keep people working and contributing and providing new facilities that would brighten up the community and provide services to that community for some years to come.

Mr. TRIGGS. It is, to a measure, a question of alternatives and which are the preferable alternatives. We believe by modification of the money supply, with an anticyclical purpose in mind, that this is a much more effective and quicker acting stimulus in recession periods than direct expenditures. The mere fact that our tax system is such that tax revenues fall off rapidly in a recessionary period is in itself an anticyclical factor of major consequence. We believe it is also an effective measure to restore the upward trend and reverse the downward trend. We believe these are more effective and quicker acting means than spending more money.

Furthermore, I come back to my previous thought that here we are in a time when the gross national product is at the highest level it has ever been; when most people are predicting that it will reach new heights in the quarters ahead of us. This of all times would seem to be a period at which we should avoid increasing Government expenditures and hope to build up some surpluses so that if there

is a recessional period to follow that then we have the capacity to use deficit financing for anticyclical purposes.

If we use deficit financing all the time, at the peak of our economic activity, then it is a less effective measure and an inflationary measure.

Mr. BLATNIK. In other words, we are not at a peak of activity now, are we?

Mr. TRIGGS. I believe that our gross national product in this quarter is at record levels and is going up.

Mr. BLATNIK. Yes, it is going up but it should go higher yet.

Mr. TRIGGS. I presume it will go up.

Mr. BLATNIK. In other words, you have to measure the growth. If it is a little higher, 3 or 3½ percent, it would be a good healthy sign of general economic growth.

Mr. TRIGGS. Another aspect of this thing, of course, as was pointed out in the discussion this morning, is that we seem to be piling one expenditure program on top of another one without even utilizing the authorization that has been previously enacted. This in effect, represents an assumption by the administration, and necessarily so, that an all-out course of spending all that is authorized would be dangerously inflationary. In fact, I remember the President's comments in his budgetary message and though they were very much to the point. He said in January 1962 that to "plan a deficit would increase the risk of inflationary pressures which would be damaging alike to our national economy and the international balance of payments." We believe this is a thoroughly sound observation, and one of the reasons why we are opposed to the bill. We do not think there is anything that has changed so drastically since the budget message was submitted as to modify the soundness of this conclusion.

Mr. BLATNIK. What do we do with these millions of unemployed? We cannot help them all. We wish we could, but what do we do? Just make them wait it out and bear the brunt of the injustice of inequitable distribution of the economy in these areas that are being bypassed by the general pickup? What do we do for these people?

Mr. TRIGGS. Of course, the evidence of the past would seem to indicate an increase in Government spending does not solve the problem of these people anyhow, because while you may put some people to work, the tax revenues you take from the economy to put them to work puts others out of work. The Federal budget has been going up at the rate of $2 to $3 billion a year for the past 6 or 7 years, and yet during this same period the number of unemployed has increased, as you have pointed out this morning, at the peaks and troughs.

Mr. BLATNIK. The big increase was in the defense expenditures and our new space program and in the foreign-aid program.

Mr. TRIGGS. Much of it was, but the nondefense expenditures are rising much faster than defense expenditures. I might give you a couple of figures from a report of the Tax Foundation on this. In 1955—and I have to pick some year as a base here—major national security expenditures were $40,626 million, which increased to $48,200 million in 1962, an increase of 16.2 percent. We had about the same increase in expenditures for international affairs and finance. But then we come to all other—all other than major national security and international affairs—and here we have an increase from $21,583 million 1955 to $33,300 million in 1960, or an increase of 54.3 percent.

Most of the increase in Government expenditures is not military or defense, but it is in categories other than military or defense.

Mr. BLATNIK. That 54-percent increase from $21 billion to $33 billion is only Federal funds you are quoting, or does that include State and local funds, too?

Mr. TRIGGS. This is Federal budget expenditures.

Mr. BLATNIK. Twenty-one to thirty-three is a total of $12 billion and 42 to 48 is $6 billion in actual amounts. I recalled a few years further back, in 1950, the big debate in the Congress on the defense budget was whether it should be $11 billion or $13 billion.

Mr. TRIGGS. Back in 1950 the defense budget was only $13 billion but there was a very rapid increase between then and 1955.

Mr. BLATNIK. So the increase since 1950 has been almost 400 percent.

Mr. TRIGGS. Yes. If you go back that far.

Mr. BLATNIK. Yes. During the fifties, from 1950 up to 1962, we had a far higher percentage rate of increase in the defense budget. Mr. Baldwin.

Mr. BALDWIN. No questions.

Mr. BLATNIK. We thank you again. We are sorry that the members have other commitments and could not return in time. They wanted to be back to listen to you and question you. Thank you very much, Mr. Triggs.

Mr. James M. Davey of the Board of County Supervisors of Detroit. Mr. Davey, we appreciate your standing by for the convenience of the committee and hope we have not inconvenienced you too much and delayed your schedule and commitments. Mr. Davey, for the record, will you give your full name and your official title and in what capacity you are appearing this afternoon.

STATEMENT OF JAMES M. DAVEY, MANAGING DIRECTOR AND AIRPORT MANAGER

Mr. DAVEY. Yes, I will, Mr. Chairman. Mr. Chairman, I have a prepared statement that I have submitted and with your permission I would like to read from it.

My name is James M. Davey, I am managing director and airport manager for the Board of Wayne County Road Commissioners. Mr. Ed Carey, president of the Detroit Common Council and chairman of the Wayne County Board of Supervisors, has asked me to appear before this honorable committee on behalf of Wayne County, as well as on behalf of the Wayne County Road Commission.

We, in Wayne County, are extremely interested in the President's proposed public works program, and we strongly support legislation needed to carry out the program. We appear here today because we feel that Wayne County is one of those areas that has inspired the need for such a program and that our organization is capable of supplementing this legislation, if adopted, with a public works program at the local level, which will generate employment, stimulate commerce, and produce lasting public benefits. Naturally, we would like to solve all of our problems on our own; however, because of the scope of the unemployment problem we face, we find this difficult. Therefore, we are urging your support of a program that will help relieve a situation that is affecting the entire Nation. Before I detail the reasons for support of this program, I would like to digress briefly

to explain the functions of the Wayne County Road Commission, since our agency's name falls short of properly describing its functions.

While we are concerned with the construction, betterment, and maintenance of freeways, highways, and roads, we are also entrusted with a number of other duties for the citizens of Detroit and Wayne County.

Among them are the operation and development of Detroit Metropolitan Airport, the Wayne County Metropolitan Sewerage and Sewage Disposal System, the Wayne County Metropolitan Water Supply System, the Wayne County Parks and Parkways System, and the Wayne County flood control program.

As I have said earlier, we are desirous of solving our own problems, and we are pressing forward in this endeavor. However, the President's program could have an electrifying effect in expanding the relief which Wayne County seeks to generate by its own local public works program.

For example, we are engaged in an airport development program—I say as an aside, this is with some Federal assistance—which will require some $57 million to complete. Locally, we are now prepared to finance some $25 million of this work. Participation in the President's program, if adopted, might well mean the completion of the entire airport development plan could be accomplished soon. The direct result is employment not only for construction but for jobs associated with the maintenance and operations of the facilities that would continue indefinitely.

One think I would like to stress is the need for immediate action on this program. We are reaching the beginning of our construction season and can well accommodate any additional projects that meet with Federal approval. We urge haste in this matter, lest we hesitate too long and lose a valuable construction season. In our highway, park, sewer, water, institutional, and other building programs, we have the bonding potential for matching funds. When coupled with the financial assistance proposed in the legislation now being considered by your honorable committee, this will make feasible a much more ambitious public works program than we could possibly finance alone at the local level.

I am sure that this honorable committee is aware that both Detroit and Wayne County have been classified as distressed areas. Unemployment figures compiled by the Michigan Employment Security Commission show that there are 130,000 men and women unemployed in our area. This comprises 9.3 percent of the total working force.

I do not consider the President's proposed public works program a cure-all for all our economic ills. The people of Wayne County are traditionally agressive in planning for the future and developing to meet the needs of the public. However, we do feel that the unemployment plague that has hit our area must be cured as quickly as possible.

We feel that our heavy participation in the Federal tax programs entitles us to help in our efforts to solve our unemployment problems.

Both Wayne County and the Board of Wayne County Road Commissioners are well equipped to launch extensive public works programs at the shortest notice. We are well aware of the projected needs for our area and have plans to meet those needs but lack total financing. The projects we propose are not designed to compete with private development. On the contrary, we are certain the projects will stimulate private development. We are submitting a list of proj-

ects that number well into the millions of dollars. This list was not prepared as a catchall in an attempt to extend our needs beyond the reasonable. Every project we have listed, we feel, is essential to the betterment of our community. Coupled with this are the employment needs to bring these programs to fruition. Each project we have listed has been carefully studied to determine if it will provide the maximum number of jobs possible.

The attached list of projects total $384,705,000.

They will provide 57,706,000 hours of employment.

This committee must be aware that an accelerated capital improvement program for any community has far-reaching effects on unemployment. We know that if a particular project provides a definite number of man-hours in direct employment, it will provide many more hours of employment of an indirect nature. This we feel is one of the most encouraging facets of the President's program. This will not be a narrow vehicle for employment. It will have far-reaching effects on our entire employment picture.

One of the main reasons for Wayne County's gloomy fiscal picture is the tremendous welfare and hospitalization needs that must be met. An upswing in employment would lighten this heavy burden on the county's budget. This would allow us to return to our tradition of self-help whenever possible.

We realize that our unemployment picture is not unique. We have some problems that are different than other cities, counties, and metropolitan areas. However, we are well aware that these different areas also have problems just as pressing as ours. We feel that a Federal speedup in spending for local capital improvements will have a glowing effect on all distressed areas in the country.

In the conclusion, let me simply state that we hope this honorable body will see fit to approve an accelerated public works program, and in so doing, you will win the undying gratitude of public administrators and unemployed workers, who need the stimulus such a program will provide.

Thank you. Attached to the statement, Mr. Chairman, is a list of the projects which represent our total capital improvements effort and our program of public works projections, with costs, and the man-hours needed to support it. I ask simply that this be submitted as part of the record.

Mr. BLATNIK. Without objection this will be included as part of your statement as an appendix.

(The information referred to is as follows:)

BOARD OF SUPERVISORS OF COUNTY OF WAYNE,
Detroit, Mich., April 3, 1962.

Hon. CHARLES A. BUCKLEY,
Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.

DEAR CHAIRMAN BUCKLEY: Due to the press of my duties as president of the Detroit Common Council and chairman of the Wayne County Board of Supervisors, I find it impossible to appear before your honorable committee at this time.

Recognizing the importance to our community of House Resolutions 10318 and 10113. I have asked Mr. James M. Davey, managing director and airport manager of the Wayne County Road Commission, to appear on behalf of both his agency and the county of Wayne as a whole.

The people of Wayne County are vitally interested in the President's proposed public works legislation. At the present time, we are experiencing a seri-

ous rate of unemployment. We feel this proposed legislation will afford us the opportunity to reduce our unemployment while accomplishing public improvements that will benefit our community and answer some of the unmet needs of our citizens.

Sincerely,

ED CAREY, *Chairman.*

STATEMENT BY JAMES M. DAVEY, MANAGING DIRECTOR AND AIRPORT MANAGER, REPRESENTING WAYNE COUNTY AND THE BOARD OF WAYNE COUNTY ROADS

Mr. Chairman, members of the committee, my name is James M. Davey. I am managing director and airport manager for the Board of Wayne County Road Commissioners. Mr. Ed Carey, president of the Detroit Common Council and chairman of the Wayne County Board of Supervisors has asked me to appear before this honorable committee on behalf of Wayne County, as well as on behalf of the Wayne County Road Commission.

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In conclusion, let me simply state that we hope this honorable body will see fit to approve an accelerated public works program, and in so doing, you will win the undying gratitude of public administrators and unemployed workers, who need the stimulus such a program will provide.

Summary of proposed public works projects for the county of Wayne, Mich.

COST IN THOUSANDS OF DOLLARS

Program	Time period					
	A	B	C	D	E	Total
Highways	6,063	15,894	35,777	46,787	53,679	158,200
Bridges, grade separations, flood control		900	1,000	3,700	37,200	42,800
Traffic control	2,570	1,997	1,900	400		6,867
Metropolitan airport	1,001	513	4,128	36,416	15,320	57,378
Parks and roadside development	952	3,399	922	3,425	855	9,553
Sewer and water		23,550	11,950	26,400	32,800	94,700
Building construction and improvement				6,707	8,500	15,207
Total	10,586	46,253	55,677	123,835	148,354	384,705

MAN-HOURS IN THOUSANDS

Program	Time period					
	A	B	C	D	E	Total
Highways	909	2,384	5,367	7,018	8,052	23,730
Bridges, grade separations, flood control		135	150	555	5,580	6,420
Traffic control	385	300	285	60		1,030
Metropolitan airport	150	77	619	5,463	2,298	8,607
Parks and roadside development	143	510	138	513	129	1,433
Sewer and water		3,532	1,793	3,960	4,920	14,205
Building construction and improvement				1,006	1,275	2,281
Total	1,587	6,938	8,352	18,575	22,254	57,706

Highways

Group A. Projects which can be started within 30 days:	
1. Resurfacing	$1,196,000
2. Stone base	4,867,000
Total	6,063,000
Group B. Projects which can be started within 60 days:	
1. Resurfacing	1,117,000
2. Stone base	3,764,000
3. Reconstruction	3,412,000
4. Widening	7,601,000
Total	15,894,000
Group C. Projects which can be started within 90 days:	
1. Resurfacing	1,263,000
2. Stone base	2,577,000
3. Reconstruction	6,579,000
4. Widening	19,589,000
5. New construction	5,769,000
Total	35,777,000
Group D. Projects which can be started within 6 months:	
1. Stone base	1,261,000
2. Reconstruction	11,941,000
3. Widening	21,375,000
4. New construction	12,210,000
Total	46,787,000
Group E. Projects which can be started within 1 year:	
1. Reconstruction	11,280,000
2. Widening	29,763,000
3. New construction	12,636,000
Total	53,679,000

SUMMARY

Group A	6,063,000
Group B	15,984,000
Group C	35,777,000
Group D	46,787,000
Group E	53,679,000
Total	158,200,000

Bridges, grade separations, flood control

Group B. Projects which can be started within 60 days:	
1. New bridge on Five Mile over Rouge River	$600,000
2. Bridge reconstruction on Middle Belt over Bell Creek	100,000
3. Bridge reconstruction on Middle Belt over Tarabusi drain	100,000
4. Replace deck on Waltz Road Bridge over Huron River	100,000
Total	900,000

Bridges, grade separations, flood control—Continued

Group C. Projects which can be started within 90 days:	
1. Bridge reconstruction on Northville Rd. over Middle Rouge River at Phoenix Dam	$300,000
2. Bridge reconstruction on Northville Rd. over Middle Rouge River, north of Five Mile	150,000
3. Bridge reconstruction on Northville Rd. over Middle Rouge River, south of Reservoir Dr	200,000
4. Bridge reconstruction on Northville Rd. over Middle Rouge River, south of Six Mile	200,000
5. Bridge reconstruction on Northville Rd. over Middle Rouge River, north of Six Mile	150,000
Total	1,000,000
Group D. Projects which can be started within 6 months:	
1. Replace deck on Miller Rd. viaduct	1,500,000
2. Eureka-Detroit, Toledo & Ironton RR. grade separation	600,000
3. Eureka-Pennsylvania RR. grade separation	700,000
4. New bridge on Eureka over Huron River	500,000
5. Bridge reconstruction on Farmington over Bell Creek	300,000
6. Bridge reconstruction on Farmington over Tarabusi drain	100,000
Total	3,700,000
Group E. Projects which can be started within 1 year:	
1. Flood control on Rouge River between Michigan and the turning basin. Project includes construction of 3 bridges, moving of utilities	10,800,000
2. Flood control on lower branch of Rouge River between Brady St. and Chesapeake & Ohio RR. Project includes lengthening of 10 bridges, construction of 4 pedestrian bridges, moving of utilities, and channel relocation	7,200,000
3. Flood control on middle branch of Rouge River between Outer Dr. and Ann Arbor Tr. Project includes lengthening 15 bridges, construction of 10 pedestrian bridges, construction of 7 park drive bridges, moving of utilities, and channel relocation	4,500,000
4. Flood control on upper branch of Rouge River between Telegraph and Seven Mile. Project includes lengthening 8 bridges, construction of 5 pedestrian bridges, moving utilities, and channel relocation	2,700,000
5. Flood control on Bell Branch of Rouge River between Beech-Daly and Farmington. Project includes lengthening 5 bridges, construction of 12 pedestrian bridges, moving utilities, and channel relocation	1,900,000
6. Flood control on main branch of Rouge River between Michigan Ave. and Base Line Rd. Project includes reconstruction of Chesapeake & Ohio RR. bridge, lengthening of 14 bridges, construction of 7 bridges, moving utilities, and channel relocation	10,100,000
Total	37,200,000

SUMMARY

Group B	900,000
Group C	1,000,000
Group D	3,700,000
Group E	37,200,000
Total	42,800,000

Traffic control

Group A. Projects which can be started within 30 days:	
Traffic signal modernization:	
1. 14 intersections	$23,000
Crossover construction on schoolcraft:	
1. Between Telegraph and Beech-Daly	12,000
2. Between Beech-Daly and Inkster	30,000
3. Between Inkster and Middle Belt	24,000
4. Between Middle Belt and Merriman	48,000
Guardrail installation:	
1. 105 locations	1,050,000
Intersectional channelization:	
1. Outer Drive and Vassar	25,000
2. Rotunda Drive and Rotunda Drive cutoff	20,000
Intersection widenings:	
1. 41 locations	1,338,000
Total	2,570,000
Group B. Projects which can be started within 60 days:	
Traffic signal modernization:	
1. 17 intersections	50,000
Ultrahigh frequency radio traffic control signal expansion:	
1. 14 locations	705,000
Outer drive street light modernization:	
1. 540 locations	270,000
Crossover construction on schoolcraft:	
1. Between Merriman and Farmington	54,000
2. Between Farmington and Eckles	78,000
3. Between Eckles and Haggerty	12.000
Intersectional channelization:	
1. Ann Arbor Trail and Farmington	15,000
2. Merriman and Wickham	15,000
Intersectional widenings:	
1. 24 locations	678,000
Pedestrian bridges:	
1. 6 locations	120,000
Total	1,997,000
Group C. Projects which can be started within 90 days:	
Traffic signal modernization:	
1. 34 intersections	138,000
Ultrahigh frequency radio traffic control signal expansion:	
1. 15 locations	690,000
Outer drive street light modernization:	
1. 540 locations	270,000
Intersectional channelization:	
1. Allen and Pelham	50,000
2. E. N. Hines and Inkster	150,000
3. Schoolcraft and Wilcox	30,000
Intersectional widenings:	
1. 12 locations	372,000
Pedestrian bridges:	
1. 10 locations	200,000
Total	1,900,000
Group D. Projects which can be started within 6 months:	
Pedestrian bridges:	
1. 20 locations	400,000

Traffic control—Continued

SUMMARY

Group A	$2,570,000
Group B	1,997,000
Group C	1,900,000
Group D	400,000
Total	6,867,000

Metropolitan Airport

Group A. Projects which can be started within 30 days:	
1. Site and utility development for executive general aviation area	$356,000
2. Financial obligation for additional capacity in sanitary sewer interceptor project	500,000
3. Storm drainage district facility improvement	145,000
Total	1,001,000
Group B. Projects which can be started within 60 days:	
1. Airfreight terminal (including site and utility development)	513,000
Group C. Projects which can be started within 90 days:	
1. Additional facilities for public parking (ground level and second deck)	3,400,000
2. Fire and crash building	408,000
3. Maintenance building	320,000
Total	4,128,000
Group D. Projects which can be started within 6 months:	
1. Hangars (commercial carriers and present executive aviation tenants) including site and utility development	11,000,000
2. Addition to existing terminal building	1,200,000
3. Terminal building No. 2	4,500,000
4. Central Services Building (commissary, inflight kitchen, employees' cafeteria, restaurant, hotel, and control tower)	3,000,000
5. Powerhouse	1,000,000
6. Land acquisition for runway extensions and clear zones	1,400,000
7. Extend runway 3R 21L to 11,500 feet (including taxiway and hold aprons)	1,600,000
8. Extend runway 9–27 to 10,000 feet (including taxiway and hold aprons)	1,000,000
9. General aviation runway (4,000 feet long east to west) including taxiways	925,000
10. General aviation runway (3,000 feet long, northeast to southwest) including taxiways	700,000
11. General aviation development (at Middle Belt and North Line) hangars and site and utility development	2,750,000
12. Additional storm drainage facilities	6,000,000
13. Water mains for complete fire hydrant system	330,000
14. Additional sanitary sewer facilities and tie-in to downriver sanitary interceptor sewer	650,000
15. Narrow gage and centerline lighting for ILS runway 3L 21R	361,000
Total	36,416,000

Metropolitan Airport—Continued

Group E. Projects which can be started within 1 year:	
1. Land acquisition for runway extension and clear zone for runway 33–15	$220,000
2. Extend runway 33–15 an additional 1,800 feet (including taxiway and hold apron)	1,100,000
3. Fuel farm and satellite fueling system	6,000,000
4. Two general aviation airports to serve the Detroit Metropolitan area at $4,000,000 per airport	8,000,000
Total	15,320,000

SUMMARY

Group A	1,001,000
Group B	513,000
Group C	4,128,000
Group D	36,416,000
Group E	15,320,000
Total	57,378,000

Parks and roadside development

Group A. Projects which can be started within 30 days:	
Middle Rouge Parkway:	
1. Public recreation facilities	$203,000
2. Drainage	31,000
3. Clearing, grubbing, grading, seeding, and sodding	148,000
4. Dredging	20,000
5. General improvements, buildings, roads, equipment	550,000
Total	952,000
Group B. Projects which can be started within 60 days:	
Lower Rouge Parkway:	
1. Land acquisition, approximately 400 acres	1,200,000
2. Clearing, grading, grubbing, seeding, and sodding	180,000
William P. Holliday Park:	
1. Buildings, roads, bridges, equipment	461,000
Parks, general:	
1. Public comfort station facilities	58,000
Highway roadside improvements:	
1. Tree trimming and tree removal	1,500,000
Total	3,399,000
Group C. Projects which can be started within 90 days:	
Middle Rouge Parkway:	
1. Land acquisition (flood control and park), approximately 40 acres	140,000
2. Structures	407,000
3. Guardrail, 2 miles	20,000
4. Public recreation facilities	100,000
5. Arboretum improvements	30,000
Elizabeth Park:	
1. Public recreation facilities	50,000
Highway roadside improvements:	
1. Erosion control, grading, seeding, sodding	175,000
Total	922,000

Parks and roadside development—Continued

Group D. Projects which can be started within 6 months:	
Middle Rouge Parkway:	
1. Drives	$161, 000
2. Public recreation facilities	1, 080, 000
3. Water system	135, 000
Lower Rouge Parkway:	
1. Structures	536, 000
2. Public recreation facilities	267, 000
3. Drives	485, 000
4. Drainage	56, 000
5. Water system	405, 000
Bell Creek Park:	
1. Public recreation facilities	300, 000
Total	3, 425, 000
Group E. Projects which can be started within 1 year:	
William P. Holliday Park:	
1. Reforestation	200, 000
Fordroad reserve:	
1. Buildings, roads, equipment, utilities	655, 000
Total	855, 000

SUMMARY

Group A	952, 000
Group B	3, 399, 000
Group C	922, 000
Group D	3, 425, 000
Group E	855, 000
Total	9, 553, 000

Sewer and water

Group B. Projects which can be started within 60 days:	
Act 342:	
1. Sewers	$200, 000
Department of public works:	
1. Rouge Valley	2, 100, 000
2. Down River	18, 200, 000
Other:	
1. Water	2, 250, 000
2. Sewer	800, 000
Total	23, 550, 000
Group C. Projects which can be started within 90 days:	
Act 342:	
1. Sewers	600, 000
2. Water	4, 800, 000
3. Refuse disposal	3, 250, 000
Other:	
1. Water	850, 000
2. Sewer	2, 450, 000
Total	11, 950, 000

Sewer and water—Continued

Group D. Projects which can be started within 6 months:	
Act 342:	
1. Sewers	$5,400,000
2. Water	2,000,000
Department of public works:	
1. Downriver	6,000,000
Other:	
1. Drainage	13,000,000
Total	26,400,000

Group E. Projects which can be started within 1 year:	
Act 342:	
1. Sewers	11,500,000
2. Refuse disposal	7,000,000
Other:	
1. Water	3,100,000
2. Sewer	2,000,000
3. Drainage	9,200,000
Total	32,800,000

SUMMARY

Group B	23,550,000
Group C	11,950,000
Group D	26,400,000
Group E	32,800,000
Total	94,700,000

Building construction and improvement

Group D. Projects which can be started within 6 months:	
Juvenile court building:	
1. Remodeling and additions	$2,607,000
Wayne County General Hospital and Infirmary:	
1. Building N, renovation	2,500,000
2. Addition to commissary	500,000
3. Tunnel improvements and repairs	250,000
4. Staff residence building	250,000
Wayne County Training School:	
1. Repairs to buildings	250,000
2. Repairs to improvements	350,000
Total	6,707,000

Group E. Projects which can be started within 1 year:	
New office building	3,000,000
Wayne County General Hospital and Infirmary:	
1. Replacement for Seymour Bldg	3,000,000
2. New therapy building	2,000,000
Wayne County Training School:	
1. Capital improvements	500,000
Total	8,500,000

SUMMARY

Group D	6,707,000
Group E	8,500,000
Total	15,207,000

Mr. BLATNIK. I have no questions except to express the Chair's appreciation for your personal appearance here, Mr. Davey. I hope you will convey the Chair's personal appreciation to Mr. Ed Carey, chairman of the Wayne County Board of Supervisors. I am familiar with the situation in Detroit. It is a very serious one. We do hope he shall be successful in getting sound, effective, working legislation, and as you point out that we can cover the current construction. With that, thank you very much for your appearance and your testimony. If there are no further questions, and no further witnesses, the hearings for today are adjourned until 10 o'clock tomorrow morning.

(Whereupon at 2:30 p.m. the hearing was recessed until 10 a.m. the following day, Friday, April 6, 1962.)

STANDBY CAPITAL IMPROVEMENTS ACT OF 1962

FRIDAY, APRIL 6, 1962

House of Representatives,
Committee on Public Works,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 1302, New House Office Building, Hon. John A. Blatnik presiding.

Mr. Blatnik. The House Public Works Committee will please come to order. We are resuming public hearings on Standby Capital Improvements legislation.

As the first witness this morning, we welcome Mr. Widman, who will speak on behalf of a great organization. This is Mr. Michael Widman, assistant to the president of the United Mine Workers of America, Thomas Kennedy.

You have Mr. Kennedy's statement, I believe, Mr. Widman. I would like the committee to know and the record to show that Mr. Kennedy himself personally had hoped to be here. Of course, we are fully aware of his very heavy schedule and his previous commitment which keeps him away at this time. Mr. Widman, we welcome you.

STATEMENT OF MICHAEL F. WIDMAN, JR., ASSISTANT TO THE PRESIDENT, AND DIRECTOR OF THE RESEARCH AND MARKETING DEPARTMENT, UNITED MINE WORKERS OF AMERICA

Mr. Widman. Thank you, Mr. Chairman. My name is Michael F. Widman, Jr. I am an assistant to the president and director of the Research and Marketing Department of the United Mine Workers of America. I am appearing here today on behalf of President Thomas Kennedy, whose statement I shall read. Mr. Kennedy had planned to appear before the committee on behalf of the organization but was prevented from doing so by other pressing matters. His statement reads as follows:

The United Mine Workers of America endorses the legislation before this committee. We believe it to be in the public interest and an effective weapon against the ravages of unemployment and economic stagnation.

America needs an effective public works program. Such activity, soundly conceived and vigorously promoted, has many beneficial results.

One, public works acts as a counter-cyclical force in our economic activity.

This committee is well aware of the cyclical nature of a free enterprise economy. We all have witnessed the natural sequence of good times followed by bad, of boom and bust, of prosperity and stagnation.

This has been the history of America. Indeed, it is one of the characteristics of a society such as ours, when business conditions are determined by literally millions of people acting more or less independently of each other.

But if the business cycle is a part of our society, it is also a danger to it. The cycle may be interesting to the economist, a burden to the businessman, and a

rallying cry for the politician. But to the worker it is a catastrophe. It is a long period of idleness, of shrinking income, of public charity, and of despair.

Recently the business cycle has taken on a new and ominous note for the worker. Many of the men and women who are temporarily displaced by business conditions are in reality permanently replaced, for when production increases again new and improved techniques, new and better machines have obviated the need for the number of workers heretofore employed.

Thus, for many thousands of workers the end of a recession does not mean employment, or even a chance of employment. Today in America there are millions of such men, men who are cast aside as unnecessary, even though the majority of their countrymen are enjoying the highest rate of prosperity in history.

It is thus with grave apprehension that we view the recurring business cycles. In the wake of each downturn there is always a segment of our economy who are left behind and must rely on the relief rolls for their future sustenance.

Therefore, we believe that some steps must be taken to mitigate the effects of a recession and stop any downturn before it reaches crisis proportions. We simply cannot afford any deep recessions, not to mention depressions. The price is too high, the results too serious.

A public works program, which takes up the slack and which pumps money and resources into the sagging economy, is one way to do this. It has been so historically. It is true today.

Two, a public works program is able to utilize that part of the labor force that is superfluous.

The hallmark of cyclical swings is unemployment and the underutilization of men and material. People who want to work are denied the opportunity to do so. Factories and capital equipment lay idle. Construction is dormant. Money stagnates as banks, other lending institutions, and individuals prepare to weather the storm by contracting purchases and lending.

An adequate public works program facilitates the reemployment of our human and economic resources.

First, it pumps money into the economy of certain areas, or of the Nation as a whole. Public works programs are of necessity expensive. They require expensive machinery and have a high labor content. This requires capital, a great deal of capital.

Second, it tends to utilize the idle machinery that is not in use. The construction industry is a good example of this. In slack periods public works are a great help, because there is use for machinery and for the other costly and complex machines.

But the benefits do not end there. Machinery must be maintained, fueled, repaired and replaced when in use. This means that other businessmen, the suppliers, the manufacturers, the sales personnel, the repair shops, and a whole host of others stand to gain.

Indeed, any money spent for public works filters down to the entire economic sphere in one fashion or another.

But the principal reason for public works is that it will utilize those human resources that would otherwise be out of work.

These human resources, men and women, are the most necessary and the most important part of our strength. It is to them, to their skills, to their pride, and to their belief in our system, that we entrust our future.

With this background, it is inconceivable that we would allow them to wallow in the depths of unemployment and economic stagnation when it is possible to employ them for a constructive purpose.

If a man is allowed to lose his self-respect because of society's rejection, both society and the man suffer. Society is the loser because it must now support the man in one fashion or another and because it has acquired a liability for many years. The man suffers because he can never fulfill that destiny that is an integral part of this Nation—to live in a manner that will befit his dignity as a man.

Therefore, we contend that if industry has no need for the services of vast sections of the working force, it is well to put that part of the labor force to strengthening the common welfare by public works until such time as they can again find employment in the private sector.

Third, public works tend to employ those men who would otherwise be unemployable.

We have referred briefly to this in an earlier part of this statement.

Historically, unemployment has been considered to be a temporary thing, something which was unpleasant but not lasting. For example, in the early days of coal mining the summer months were usually slack periods. But the miner could always look to Labor Day and the beginning of the heating season for a pickup in work time.

Similarly, during a downturn in business, a man could weather the storm with the knowledge that when business picked up his job would be there again.

It was the responsibility of Government to encourage business and end the recession.

But conditions have changed. A new variable has been added to the traditional pattern of the business cycle.

This Nation must face the harsh fact that there are thousands and even millions of unemployed who will never again find jobs in the normal labor markets. The men, the unemployables, are victims of rapidly progressing technology and shifting marketing patterns. They are, for the most part, ill-equipped, either by temperament or education, to fit well into the modern patterns of employment.

We must realize that these men and women and their families are our No. 1 social and economic problem.

Public works programs would help solve the dilemma posed by this portion of the working force. For public works must have a high labor content. This type of activity encompasses the use of a great deal of unskilled labor, an area that any objective economist will label as the most critical.

We realize that improved technology is essential for the future of this Nation. But we also know that technology has left a great deal of human wreckage in its wake.

We can, therefore, logically ask that the men who can no longer look to normal sources of employment be utilized in the construction of vital public works.

In this way we can reconcile the necessity for rapid expansion in productivity with the social chaos that such advances so often entail.

Let me hasten to add that we do not sponsor "make work" projects of any kind. The coal miners of this Nation are proud men. They do not wish to take part in Government charity.

However, necessary public works are another matter. They provide for public service and employ men in useful labor at the same time.

Fourth, a public works program can provide the Nation with necessary public works at a relatively low cost.

Everyone will acknowledge the need for public works of various kinds. We need hospitals, we need roads, schools, recreational areas, and many other things of an essential nature.

The idea of public works in the context discussed here today would provide these services at the lowest cost and at the most propitious time.

Men out of work must be maintained in some manner, either through unemployment compensation or direct relief. This costs the taxpayers money.

A certain amount of public works projects must be undertaken. They are essential for the public welfare. This also costs the taxpayers money.

It would be logical to combine the two. The man out of work is looking for a job. The Nation needs an ever-increasing amount of public works projects. Therefore, if we can reemploy the unemployed and at the same time provide for our public needs, a double good will have been attained.

Fifth, the public works program can be used in conjunction with the depressed area legislation.

This committee is well aware of the attempts currently being made to rehabilitate our so-called depressed areas. These sections, including many coal mining communities, are in dire straits. They were a principal target of President John F. Kennedy in his election campaign.

There is currently operating within the Department of Commerce an agency called the Area Redevelopment Administration. This group is especially responsible for bringing a measure of prosperity to the depressed areas.

However, there are two problems in connection with their work.

One, there are many men who are out of work for long periods of time and who are not easily reemployable, either in the local industry or in any potential industry.

We might add as an adjunct to this that very often depressed areas rely on one basic industry, such as coal. When this industry suffers for one reason or another, the entire area is depressed.

Two, the public facilities of the area often fall into decay. This means that the ability of the industry to attract new industry is weakened. In our modern economy a region must be attractive to industry and must offer the essential services if it is ever to be revived.

Public works projects would serve a twofold purpose:

First, it would employ those men who could not find other employment because of the contraction of local industry. It would take them off the relief and unemployment rolls and put them in useful work.

Second, public works would refurbish the lagging public services of an area and bring them back to tolerable standards. This would enable the region to attract industry and jobs which in the final analysis is the only sure way to wipe out the blight of widespread unemployment.

Thus, the public works program would be used in conjunction with another responsibility of the Federal Government, as a supplement to and as a means to an end.

We feel that the present legislation strengthens the administration of public works programs, In this regard we feel that it deserves the consideration of the Congress and the American public.

The major advantages of the bills under consideration here are sufficient, in our minds, to warrant their immediate passage.

First, the public works program will be put on a scientific and systematic basis.

For too long we have been content to use the scattergun approach to public works. They lie dormant during long periods of prosperity. Then when a recession looms officials begin to look for areas where work can be accomplished.

Planning takes time. When it is accomplished and actual work begins, the recession is already in the critical stage.

Then, as normal recovery takes place, the public works programs are still underway. They continue during prosperity when they are not needed and when, in fact, they may serve a negative purpose at best.

What is needed is a systematic plan for our public works program, a plan that can be instituted in short order, a plan that will serve essential public needs, a plan that can be used when it is needed most, a plan that will be available to all those who are charged with the responsibility of carrying on programs of public works or unemployment activity.

We believe that this legislation serves that purpose. In effect, it will catalog all of our public needs on a realistic basis, apart from the usual hectic pace and crisis atmosphere of recession. It will systematically plan for the construction of these public works and hold them ready for institution at a short notice.

This is, to our minds, a wise and farsighted policy. It removes many of the objections to earlier projects. It brings into programs of this sort the same type of advanced planning that any business would use in planning future construction.

We commend it and we urge the Congress to make it an integral part of the law.

Second, we believe that the delegation of authority to a special agency of Government to plan public works programs will greatly speed and enhance such planning.

Too often diverse responsibility is no responsibility. When everyone is responsible, no one is responsible. This has been a shortcoming of the public works program in the past. To correct it the legislation before this committee attempts to assign a definite responsibility with a similar grant of authority.

With the kind of authority we are discussing, the agency could begin to plan for the future. It could hire those who would be necessary. Technical help from industry and labor could be called upon for whatever assistance is necessary.

The agency involved can draw up uniform codes for the projects concerned. They and they alone will be responsible for these codes. No other diverse and often conflicting rules can emanate from any other Government agency to delay and disrupt the program.

In short, the procedure will be much simplified in the interest of expediting programs in the shortest possible time.

The agency, whether an existing agency of Government or a newly formed agency, will be specifically responsible for this program and will be answerable to the Executive and Congress. This method will avoid any attempt to pass

on responsibility, to unduly delay any program to account for the specific desires of many agencies of Government.

In other words, specific authority will be accompanied by specific responsibility.

Third, there are specific guidelines laid down for the initiation of the public works program outlined in the legislation.

Too often hesitation and vacillation deepen economic distress. Man is a natural optimist. He always looks for the bright side. He always expects employment to pick up, for next month's indicators to be a little better. In the meantime, we tend to wait, to do nothing.

Under the proposed law our natural optimism will be tempered with some realistic judgment. The draftters of the bills under study have made automatic the start of the public works. They take away the human factor and replace it with one of automatic reaction. In this way no recession will be allowed to progress far before antirecession measures are brought into play.

Fourth, the agency charged with public works planning will be able to use all existing Government agencies.

Such coordination will place the full resources of the Federal Government at the disposal of the agency. It will enable the agency to call upon these agencies for help and assistance, which is readily available there.

Such coordination and technical assistance is a vital part of the overall success of the program.

Fifth, the various States will be encouraged to participate to a fuller degree.

This committee was privileged to hear from the Honorable David Lawrence of the Commonwealth of Pennsylvania on this subject earlier in these hearings, and his testimony is ample proof of the validity of this advantage.

We would like to offer our support for the request by the President for $600 million for the coming year. This request is, in our opinion, sound because of the need for many areas of this Nation for public works of a permanent nature.

We would also like to urge this committee to specify the public works program in the immediate future to be concentrated in the depressed areas of this Nation, for it is of little comfort for the coal miners of America to remain unemployed while the rest of the Nation enjoys prosperity. We are sure that many of the other workers in the depressed areas of the Nation feel the same way.

There is need in depressed areas for relief, relief not only from physical need but also relief from a future that holds little but public dole and public apathy. We urge that something be done to correct this situation and we suggest that the public works program is one way to start these areas on the path to economic rehabilitation.

We are living in an age when the potential of this Nation is greater than ever before. Whether or not we ever realize this potential depends upon how we meet our problems, among them unemployment, and solve them in the best interests of the Nation as a whole.

We wish to thank this committee for the opportunity to appear here today and present our views on this most important topic.

Mr. BLATNIK. We thank you, Mr. Widman. Please express our thanks and appreciation to your distinguished president for his very precise statement of why the program is needed, why it is a justifiable one, and the effect of it on the unemployed. So many people think this is an additional expenditure of public funds. I am glad he made very clear the point that public funds are being expended now for unemployment compensation, relief, et cetera.

This is merely saying that to the extent funds could be used for the immediate short-term problem of putting people to work, it gives them the opportunity for an economic livelihood for themselves and their families, it boosts their morale and that of the entire community, to which is being added a new public facility which is badly needed and which will offer a service and useful function for many years to come.

I thank you for a fine statement. Are there questions or comments from my right?

Mr. BURKE. Mr. Widman, on page 7 of your statement, in the second complete paragraph from the top, you are talking about the programing of public works. We find the sentence: "They"—meaning public works—"continue during prosperity when they are not needed and when, in fact, they may serve a negative purpose at best."

Mr. Widman, this committee is concerned all the time with public works, ranging from river and harbor projects, some of which have been planned for 50 years, to a very systematic system of building public buildings, for example.

To what public works did you refer and which ones would you not do during time of prosperity?

Mr. WIDMAN. I think, of necessity, those that are charged with the responsibility of planning this type of work should have some leeway in using their good judgment based on experience. We make no recommendation how you might do this. We feel, however, that a planning of public works for a specific purpose, which is now to relieve a depression, that planning should be done beforehand as to what projects and catalog them in the most critical areas. I think you would agree with me that that would save us the time.

I am aware of the other public works that you are doing as an ordinary thing. I think this is supplemental thereto. I do not think it is intended to replace it so far as I understand the legislation proposed here.

Mr. BURKE. It is the intent to accelerate. You are not suggesting to the committee that based on some economic index, as is indicated, for example, in this bill, than when these indexes reach a higher level, for example, that the U.S. Army Engineers cease their flood control work or that we defer the building of public buildings that have been authorized?

Mr. WIDMAN. No, sir; I make no such recommendation. If you understood it that way, I am sure Mr. Kennedy did not intend it that way at all.

This is our suggestion to you, from my discussions with Mr. Kennedy in preparing the statement. What we need is something that is not ordinarily considered now as part of the public works program. Let us take a depressed area. They are badly in need of some facility that might attract industry to the community, or it might serve a very good purpose from a health standpoint, educational standpoint, recreation, anything you want to apply. We think they should be cataloged by whoever is vested with the responsibility of working out the public works program.

Mr. BURKE. Do you feel the manner in which these projects are being handled through the Department of Commerce in the depressed area program is a sound way to handle them?

Mr. WIDMAN. I think those two, the administrator of this section and those engaged in the distressed area problems, should certainly be working hand in hand on any type of additional public works that they are thinking about.

Mr. BURKE. Also in many of the areas where the members of your great union work and have worked in the past the problems of flood control and highway construction are extremely serious, are they not?

Mr. WIDMAN. Yes, they are, sir.

Mr. BURKE. I want to make this very clear, then, that this statement about public works might serve a negative purpose, you are not suggesting that if the economic level rises, that the Congress defer those flood control or highways projects?

Mr. WIDMAN. That is right. I am not making any such suggestion. In fact, I think that when and if an opportunity for employment comes to a man who is on public works, if he is employable in this new industry, he will not stay on public works. I think he understands that as a temporary cushion to catch him on this fall. He would try to get other employment.

As I said here, we have a terrific problem, which has been added to by the displacement of men by machinery. That has added to our difficulty with respect to unemployment.

Mr. BURKE. Along those lines, I am sure you supported and are pleased with the Retraining Act which the Congress has passed.

Mr. WIDMAN. That is right, sir.

Mr. BURKE. That is more likely to contribute to a long-term solution of this problem than a program of public works, is it not?

Mr. WIDMAN. I think that is right, but a program of public is the nourishment to let this particular angle grow. That is our thought there. The public works program is merely intended as a stimulant. Maybe we should call it extraordinary public works program for depression purposes alone. That would take away this regular public works program that is going on all the time, such as you mentioned by the Army Corps of Engineers, and so forth.

Mr. BURKE. I thank you, Mr. Chairman.

Mr. BLATNIK. Mr. Baldwin.

Mr. BALDWIN. Mr. Widman, I think probably the number of members of your union would be a fairly accurate index of the total number of people employed in the mining industry. Would you be able to give us rough figures as to how many people today are members of your union as compared to, say, 10 years ago, just for a rough picture as to the trend?

Mr. WIDMAN. I would say practically every man engaged in mining, with some exceptions in the smaller mines operated as family functions, we have now about 170,000 to 175,000 employed. When I worked in the coal mines, which will give you a pretty good view of this thing, there were 450,000 men. I quit in 1929.

Mr. BALDWIN. That would be about 30 years ago.

Mr. WIDMAN. That is right, sir.

Mr. BALDWIN. Would you be able to tell us how much change there has been in the last 10 years?

Mr. WIDMAN. In the last 10 years I would say that half of that figure, unemployed, over 500,000, between that and 175,000, about half or better have been displaced in the last 10 years.

Mr. BALDWIN. There was about 300,000 10 years ago?

Mr. WIDMAN. Yes. Congressman, in the mining industry we have mechanized, we are the only industry in the United States that I know of that has doubled its productivity per man-day in these 10 years. Without a work stoppage, we have the highest wage scale of the industrial workers in the country. We have a pension plan. We have 66,000 miners on the Mine Workers pension.

Mr. BALDWIN. You mentioned you have doubled productivity per man in the last 10 years.

Mr. WIDMAN. That is right, sir.

Mr. BALDWIN. Could you tell us roughly what the total productivity of the mining industry today is compared to 10 years ago? Is it up or down? Are we producing more coal today than we were 10 years ago?

Mr. WIDMAN. No, we are down some. I am not sure of the exact tonnage. Our highest year, I believe, was 1947 when we had something over 600 million tons.

Mr. BALDWIN. So the situation is that the total production of coal today is less than it was 10 years ago and the productivity per man is twice as much compared to 10 years ago?

Mr. WIDMAN. That is right. I hesitate in telling you what might have happened, as I see it from my official position and from my position as a research and marketing director, what might have happened had we not encouraged as a union the mechanization of our industry.

Mr. BALDWIN. As a practical matter, in view of this increase in productivity, it appears fairly evident that there is little likelihood of that great pool of men who were in mines 10 years ago going back to work permanently in mining unless there is a tremendous increase in the overall demand for coal in this country and in whatever foreign markets might be available to us. Would that not be true?

Mr. WIDMAN. I think your judgment is very good on that, with this addition. While these men who are unemployed, we have an industry capacity now far in excess of the 400 million tons we produced last year, our big problem has been a competitive one in the fuel market. We are not crying about that. We are trying to meet our competition. That is why we mechanized. We are not crying about it in our own Nation. We are raising cain when it comes to foreign importation of residual oils into our natural markets. You will hear a lot from us about that from time to time. We are not complaining otherwise. This is one of the things in progress.

A miner is not as mobile as most of the labor force is known to be in the United States. A coal miner moves in, and in the old days, 25 or 30 or 40 years ago, the company, in order to get manpower, would build a little village around the mine tipple. The company would rent the houses to the miners and charge them so much per room for rent. Their pay would be scrip that they took to the company store. All these things brought the people into the area. They raised their families. The old practice was when the oldest boy got to be 16, he went to work with dad in the coal mines. This has changed. It has gone through a complete cycle of change.

I do not believe, however, that we are going to see any great burst of employment in the mining industry, with added markets, but I do believe it will give those who are working more worktime, it will employ the second and third shifts who now in most cases are laid off awaiting further need for coal.

We find ourselves in a peculiar position in the coal industry. We have just gone wild on the productive end of it and we have more or less stagnated over here in the utilization. I am a member of the Advisory Committee in the new Office of Coal Research. I am mighty proud of what the Government is trying to do there. They are trying

to get our industry, who heretofore had not been too interested in research—you might say why? That is easily understood because of the variance in the thickness of the seams they work, because of the quality of the coals that they are mining, and its market reaches wherever it fits best. These are the things that are variables, all adding to a difficult situation.

So these miners, however, as long as there is a ray of hope—this is not true of their youngsters that they cannot take into the mine with them now because of the mechanized nature of the industry—but if there is a ray of hope that they will get back to work in that mine, they will not go out to seek temporary employment.

Mr. BALDWIN. I understand the point you make, but I tend to agree with the point Mr. Burke made a moment ago, that in the mining industry, because of the great transition in productivity, that this means we are actually going to have to approach this from this manpower retraining standpoint because, although public works could be made available in those areas, unless those folks that have now reached the point of permanent unemployment get into some new occupation where they can look forward to permanent employment, not just a series of temporary public works programs, we will never really make a basic attack upon this problem, if I understand it correctly.

Mr. WIDMAN. Just yesterday, I read a report from Kentucky. We get the fatal accident reports from the various States. We are a hazardous industry, the most hazardous, I believe. Here I read of a man who is 57 years of age. I do not know the man except reading between the lines. They are reporting on his fatal accident.

The man is 57 years of age. He had a family. He had worked in the mining industry for over 30 years. But at this little wagon mine he had been there 3 months. He meets with a fatal accident. He has probably hand-loaded most of his life. Then he went into the semiskilled jobs in the mines. Then the seam owned by this company had been worked out. Here he is back here hoping to get employment. He has probably waited for a long time and found a chance to go in. I am almost sure you will find this is some relative of his who either works there and is a relative or it is the men who operate the little mine. It showed they got careless. The small mines are not covered unless they have over 15 employees.

That is something that has always alarmed me about Congress, thinking that a man's life, if he is employed by an employer of less than 15 men, is less important than one who employs more. That kind of reasoning does not go good with me. My arithmetic does not come out that way.

These are the problems we have. The coal miner, of course, has had a real rough row in mechanization. We went faster than any other industry, but they are all getting it. This is the thing that is happening.

I look upon the public works we are talking about in this legislation as being of a type that will be an injection, a transfusion as I call it, to our economy, to take over this time, not continue any longer than we have to.

Mr. BALDWIN. The one point I was making is that the basic objective of the standby public works bill is to turn public works on during the period when nationwide unemployment has gone in excess of

a certain figure and then turn off the standby public works when it falls. This problem in the coal mining industry is a permanent problem as a result of this complete transition from the standpoint of productivity and total demand for coal. No standby public works program which is just going to turn on when nationwide unemployment reaches a certain point and then turns back off is going to solve this basic permanent problem in the mining industry. That is why I voted for the manpower retraining bill. It seems something like that is the only permanent hope for the industry.

Mr. WIDMAN. In some areas that are critical I agree. In other areas they are not that critical but, nevertheless, they are in need of public works. I have done considerable traveling for our organization in various areas. I encourage every community to have a standing committee, call it the committee for public good, they have a half dozen names. This committee is trying to work toward the end of improving the community. We talk about paint-up programs, clean-up programs, better schools, things of that kind to encourage industry to come in.

Never do we tell these people to rely solely upon the Government. We tell them—I have made this speech from Utah all across the country—you are only going to get out of what the Government passes in the way of legislation the help that you yourself are able to provide to make them interested in giving you some help and do something on your own.

I think that has a psychological effect upon the people in these distressed areas. It is unfortunate, we have these boom and bust periods, but we have always had them in the history of our country as far as I know. Some are a little worse than others. Let us say they have given them a little higher class titles than in the old days when I worked in the mines but, nevertheless, the problem is still the same. I do believe it is a matter that should certainly concern every citizen of the country. As long as we have these people all unemployed, it may make a fine labor market for an employer to find employees, but it does not help our national growth.

Mr. MCFALL. Mr. Chairman.

Mr. BLATNIK. Mr. McFall.

Mr. MCFALL. With reference to the type of project that might be best for these areas, suppose we consider projects that would be a supplement to the area redevelopment kind of project and, in a sense, a supplement to the Manpower Training Act. Are there projects in these areas which would assist the area in redeveloping itself so that it would have an opportunity to attract more industry, but are not eligible under the area redevelopment program?

Mr. WIDMAN. Yes, there are. I would say in the areas that have been considered critical areas from the point of view of unemployment for a longer period of time, they have not been able to pay their taxes, the company has sold these little houses to these people, but that is shelter, that is about all. They are living on surplus foods that they pick up.

The projects I visualize in most of those places would be sanitary sewerage systems, which is of a permanent nature, it would help them. I am thinking of a school program if they do not already have one. The taxpayers have to build these schools, of course, if they are in a

depressed area for any period of time. Then there are sidewalks, adequate water supply, any number of projects I can think of that would be permanent. I do not want these WPA programs of cutting weeds along the side of the road and things of that kind.

Mr. McFall. My colleague, Mr. Burke, points out to me that in these areas where coal mining was originally the only industry and which has now disappeared, these areas, in order to attract more industry, must control the rivers, and more roads must be constructed. What would be your comment on that?

Mr. Widman. I think that is right. You run into the water problem I am talking about. If you do not have adequate water you are just stuck. I think that is going to be a very serious problem in our whole Nation as we go along here because I do not think we are showing enough interest in moving on it. When he says that the coal mines have disappeared, that is not the question. We must understand in mining—I worked in a mine 250 feet underground in Illinois. I worked for United States Steel. I am giving you this as an example. This mine ran in tunnels over the full acreage of the land, or coal owned by the company. Many of those mines are completed, or what we call had depleted their reserves. They are no longer there, but the houses are still around that place. Where I was born and raised, the houses are still there. Some of the people are living in them, but in most of them, I wouldn't say many would be likely to be lived in.

Machinery has not displaced the men and done all of this to the coal miner. Some of it has been because of depletion of the seams of coal. We have vast reserves, gentlemen, but it takes a great deal of money to go into the coal business today and encounter the market fight we have been having. We are far from dead as an industry. I want to make that clear.

We think we have got a very vital interest here. We think it is one of much importance to our future well-being in our Nation.

Coal as a fuel is important. In research we may find it important for some other needs. I think we will if we work at the job. Coal has a future if for no other reason than the old rule of supply and demand.

We have got the supply. I do not know where the demand will come from altogether yet, but we have the supply.

Mr. McFall. This question is not material to this subject matter perhaps but one of the real uses for your coal now is in electrical power development.

Mr. Widman. That is right, sir.

Mr. McFall. We might set up a program for building powerplants where this coal is not being used. Then we could distribute power throughout the area. Would you comment on that?

Mr. Widman. I would say that there are presently a number of mines on what we call mine mouth electric plants. Here is a problem. We are trying a pipeline. We are having an awful time to get a pipeline. It has been demonstrated to be practical. It has been demonstrated that transportation will be cheaper that way than any other. There is a pipeline from Georgetown, Ohio, to Cleveland, Ohio. It has done far above what was expected of it. This pipeline takes coal up to Cleveland in a water slurry. About 3 or 4 months ago we had a demonstration of water slurries 70 percent coal and 30 percent water in the pipeline going into a cyclon furnace at South Amboy, N.J.

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They demonstrated that to all of the engineers that they could get to come to see it. I am not an engineer, but I did get an invitation. I went up. You would expect with 30 percent water, 70 percent coal dust, mixed in the slurry that looks like what we used to call black strap or No. 6 oil—it looks like real old crude oil when it is in this mixture. They blow it into the furnace. They only lose about 2 percent efficiency.

You would expect steam to come out of the high stack at the electric plant. That is not so because of the high temperatures they are using. We are helping: 182 million tons out of 400 million tons went to make electricity last year. That is going to grow tremendously. We are trying to help it grow. We have the only marketing and research department in existence in the labor movement. We go further. Most of them have research departments but they do not go into the marketing end of it.

We have a program. Coal by wire is what we call electricity.

Mr. McFall. If you had Government assistance for a powerplant at the coal mine could you distribute energy easier than sending it by water?

Mr. Widman. I had a meeting yesterday with some very interesting people on this very subject for the State of Washington, at Glenellen (?). I believe the name of the town is in Washington. There they are trying to do that very thing and supplement that power with the other power in the community and they claim that the cost will be competitive from the standpoint that at the Bonneville Dam you have got a feast-or-famine situation. Probably you know more about that than I do. This inner-tie on the west coast may well be a good project. I am not really prepared to say yet because I do know that the engineers in the electric utility industry who talked to me about it say that the losses under the present system of taking electricity to the point of use is too great so we are going to have to go into high voltage transmission where the loss is less.

Coal, I think, is going to fulfill the market for the utilities for years and years to come, barring, of course, a competition with our Government. If our Government keeps building atomic energy plants right in the heart of the coalfield and subsidizes, which they have had to do because they cannot produce it as cheap, but do not misunderstand me, I do not want our Government to be second to anybody in the atomic energy field, that is not my purpose, but for heaven's sake, let's put it where it will have a chance to be on a competitive range rather than put it in the heart of the coalfield, which has been done in quite a few cases.

The fellow says I am filled with these things.

I appreciate your courtesy, Mr. Chairman.

Mr. Blatnik. Thank you very much, Mr. Widman. Thank you for your presentation.

Mr. Widman. I hope I helped the members of the committee understand what we are thinking about.

Mr. Blatnik. It is a serious problem. You have been most helpful.

Mr. Widman. Thank you, sir.

Mr. Blatnik. Our next witness is the distinguished and well-known economist, Mr. Leon Keyserling.

STATEMENT OF LEON H. KEYSERLING, FORMER CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS; CONSULTING ECONOMIST AND ATTORNEY; PRESIDENT, CONFERENCE ON ECONOMIC PROGRESS

Mr. KEYSERLING. Mr. Chairman and members of the committee, in order to conserve your valuable time——

Mr. BLATNIK. May I say at the outset, Mr. Keyserling we appreciate your appearance before the committee. We look forward, as always, to a very challenging, stimulating presentation. Mr. Keyserling is well known to those of us who have been here for some time as the Chairman of the Council of Economic Advisers under President Truman's administration. For years he has been active with organizations and economic groups of all kinds.

We look with special interest on your presentation this morning.

Mr. KEYSERLING. I hope, Mr. Chairman and members of the committee, that the fact that these charts were placed upside down is not an augury of what you are going to hear. As I was about to say, I have a substantial prepared statement, and I have a number of charts. I would prefer, if it is agreeable to you, to insert the statement in the record, to have permission to include copies of the charts therewith, and to make an abbreviated oral statement referring to some but not all of the large blown-up charts as an aid thereto. I think that would be more rapid and more to the point. If that procedure is agreeable, Mr. Chairman——

Mr. BLATNIK. It is agreeable. The statement will appear in the record at this point in its entirety.

(The statement follows:)

TESTIMONY OF LEON H. KEYSERLING[1]

Mr. Chairman and members of the committee, I greatly appreciate this opportunity to appear before you, as you consider matters of tremendous importance to the well-being of the American economy and every one of our more than 180 million people. I say this advisedly, because the significance of the measures now before you reach far beyond those who would be affected immediately by their operation. I appear on behalf of the National Housing Conference; the views expressed herein are my own responsibility.

I intend to discuss the President's proposal for an immediate $600 million public works program to reduce unemployment in specified areas; the President's proposal embodied in the standby capital improvements bill (H.R. 10318); and the separate proposal embodied in the public works coordination and acceleration bill (H.R. 10113).

Let me say at the outset that all three of these proposals represent a most heartening acceleration of public concern about unemployment in particular, and about the entire economic situation in general. I applaud especially the action by the President with respect to the immediate $600 million proposal. It represents great courage and realism in the face of the President's expressed dedication to the objective of a balanced Federal budget in fiscal 1963, even though I do not share this objective in view of current and foreseeable economic conditions. I want to add a special word of praise for my friend, Dr. Walter Heller, Chairman of the Council of Economic Advisers, who has been and still is in the forefront of those urging more vigorous economic attacks upon unemployment and related evils. And I want to commend those members of this committee, including my friend, Congressman Blatnik, and others in the Congress, who have worked so hard and so well to bring to the forefront measures like those now under consideration.

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[1] Former chairman, Council of Economic Advisers. Consulting economist and attorney; president, Conference on Economic Progress.

BASIC ATTITUDE TOWARD THE THREE PROPOSALS NOW BEFORE THE COMMITTEE

Lest what I shall say subsequently be misunderstood in any quarter, I most earnestly urge this committee to act favorably and immediately upon the $600 million proposal, and upon some combination of H.R. 10113 and H.R. 10318, unless the committee should agree with me that much more should be done at this time, and some things perhaps done differently. We should be guided by the old French proverb, warning us against throwing to the dogs all that is not fit for the gods. In view of the urgency of the current economic situation, we should not strain for perfection if what is now before the committee is the best that can be obtained now.

Having made this much clear, I hope beyond possibility of question, I would like to concentrate upon my reasons for believing that the measures now before you, singly or in combination, are woefully short of our palpable and immediate needs as a nation and a people, and equally short of our abundant resources to meet these needs. They reflect, I respectfully submit, an undue complacency which has become prevalent. They reflect to a considerable degree, I respectfully submit, an inadequate appraisal of the true nature of our economic difficulties and how best to surmount them. They reflect, I respectfully submit, too much emergency improvization and not enough long-range planning; too much reliance on Maginot line economics, and not enough adherance to an affirmative and aggressive national policy of sustained maximum employment and production and high economic growth under the Employment Act of 1946.

If there are some who might prefer to construe these, I hope, temperate criticisms as merely tactical arguments in reinforcement of the enactment of the proposals now before this committee, I am glad to furnish some ammunition toward winning a small battle, which indeed is preferable to failing to recognize that a fight against unemployment and other economic evils is still needed. But if there are others who may be propelled by what I say, and by their own objective thinking, to move ahead faster and more comprehensively than the current measures propose, so much the better in my view.

OUR RECENT ECONOMIC HISTORY AS IT BEARS UPON CURRENT PROBLEMS

To bring before this committee the reasons underlying the general comments which I have thus far made, I would like to offer for your examination now, and for incorporation in the permanent record of these hearings, some charts which depict the results of my studies concerning the real nature of our economic difficulties in the past, and the truly herculean efforts which we must make to overcome these difficulties in the months and years ahead.

The first chart shows that, during the 9 years since the ending of the Korean war in early 1953 removed the galvanizing effects of wartime, our average annual economic growth rate has been only 2.5 percent. This has been about 30 percent below the 40-year historic average, excluding depression and wartime eras. It contrasts vividly with an average annual growth rate between 4½ and 5 percent, which we have actually averaged within the past four decades during those years when our productive resources were in reasonably full use, including the peacetime years 1922–29, and the mixed period of peace and limited war 1947–53 which, in an economic sense, is comparable to the defense-oriented economy of today. This 2½-percent average annual growth rate since early 1953 is only about half of what now seems to be necessary, in view of the new technology and automation, to make reasonably full use of our growing productive resources.

The second chart shows how the 2½-percent economic growth rate, 1953–61, has been compounded of a fairly regular pattern of short-lived booms, periods of stagnation, and recessions.

The third chart, taking account both of full-time unemployment as contained in the official figures, and of the full-time equivalent of part-time unemployment, shows how the trough of each recession has tended to leave us with more unemployment than the trough of each previous recession, and how the peak of each short-lived boom when reached has tended to leave us with more unemployment than the peak of each previous boom. This unusual phenomenon, to which most economists and other analysts now attest, is one which I began forecasting when many were taking comfort in the so-called recovery from the 1953–54 recession. I have called this unusual phenomenon a long-term chronic retreat from maximum employment and production.

The fourth chart is designed to dispel the widely held notion that the massive unemployment problem which we have been accumulating is due mainly to so-called structural or highly special factors. Naturally, when there are not enough jobs to go around, the most vulnerable are hit first, whether they be vulnerable because of where they live or because of personal disadvantages under which they suffer in competition with other claimants for scarce jobs. Nonetheless, the chart shows heavy unemployment so widely distributed over the whole economy as to be in the main a general problem, or what the economists call an aggregate problem, due to the deficient performance of the economy as a whole. The massive unemployment problem is neither "hard core" nor "structural" nor "special." It is nationwide, and it will yield only to massive nationwide attack.

The fifth and sixth charts, which extend only from 1947 to 1960, but which are nonetheless highly significant, indicate the extremely wide if not universal distribution of the trend toward a slowdown in the rate of employment growth and toward acceleration of the rate of unemployment growth.

The seventh chart carries from 1954 through 1961 the story of the growing volume of idle plant and machines, which correlates fairly well with the rising tide of unemployed manpower.

TRUE SIGNIFICANCE OF THE NEW TECHNOLOGY AND AUTOMATION

Essentially, as we all know, all of this has been happening because the actual growth in the labor force, in productivity, in technology, and in automation have far exceeded the actual expansion of total national production which equates with total national demand. This is true, even though the actual growth in both the labor force and in other elements in the productive process have averaged much lower than they would have been if not repressed by the inefficiencies resulting from excessive idleness of manpower and plant.

The eighth chart, carrying from 1947 through 1960, shows how very rapidly employment in manufacturing has declined when measured against actual industrial production and against total national product. This, of course, reflects the terrific speed of technological progress.

The ninth chart shows, for a period of five decades including 1961, the tendency of output per man-hour or productivity to grow at an accelerating rate, and the word "accelerating" should be underscored, when our resources are in reasonably full use. The most recent data indicate clearly that this accelerating trend is still continuing. Consequently, the actual economic growth rate which we shall have to achieve in the years ahead to regain and sustain maximum employment and production is very much higher than the 3½- or 4-percent targets which many economists are still prone to accept.

The distinction between the technological rate of productivity change and the actual rate of productivity change during periods of high economic slack has been much neglected. But the technological rate of change cannot be swept under the rug enduringly, and must in the long run immensely increase the amount of idle manpower and plant unless much higher targets for actual economic growth are established and achieved than those which now represent the common denominator of informed judgment.

THE COSTS AND ANATOMY OF "THE LONG-TERM ECONOMIC RETREAT"

The 10th chart depicts the staggeringly large economic losses which we have suffered, during the 9-year period 1953–61, inclusive, including a forfeiture of more than $340 billion in total national production measured in uniform 1960 dollars, and a forfeiture of about 22½ million man-years of employment opportunity. I might add that, at existing tax rates, Federal, State, and local governments have lost about $95 billion in tax revenues due to the low performance of the economy from which tax revenues are extracted. It is impossible to squeeze blood out of a turnip.

The next series of charts deal with what I call the anatomy of the low economic performance. They depict cause and effect—the nature of the distortions or imbalances which have been at the root of the trouble.

The 11th chart subdivides the deficiencies in total national production into the main component parts—consumer expenditures, private business investment, and public outlays at all levels of government.

The 12th chart indicates that the deficiency in consumer spending, by far the largest component in the total deficiency, has been due to correlative deficiencies

in consumer incomes measured in real terms, especially among wage earners and farmers. The idea that the consumer spending deficiency has been due primarily to the unwillingness of American families to spend money available to them is a dangerous myth. Or to put it in another way, not enough of total personal income has flowed to those in the low and middle income groups who spend the highest portions of their income for consumer goods and services, while relatively too much has flowed to those at the top of the structure who save and seek to invest a larger portion of their incomes. I hasten to add that this does not mean that the people at the top should be shared out; I believe in income progress for all groups. If the distribution of income had been in better balance, and if the economic growth rate had been 4 or 5 percent instead of 2½ percent, all groups would have had more income.

The 13th chart shows clearly, in my view, that the deficiency in private investment was a byproduct of the deficiency in ultimate demand represented by private consumer outlays and public outlays. This alone explains the enormous overcapacity in producer facilities which occurred during each short-lived boom and which translated the boom into stagnation and then into recession. Parenthetically, this shows the lack of wisdom in the attempt to provide special tax concessions to investors at this time, while neglecting adequate expansion of ultimate demand.

The 14th chart shows how an excessively restricted Federal budget has made its important contribution to the low overall economic performance. The States and localities, as we all know, have been expanding their outlays and their debts enormously faster than the Federal Government, despite much frailer sources of revenues to draw upon.

WHERE DO WE STAND TODAY, AND WHERE ARE WE HEADED?

With this historical analysis as a foundation, where do we stand today, and where are we headed? To be sure, national production and employment are at new peaks, just as they were in 1956 and 1959 and early 1960. But the crucial question is whether the current economic upturn represents a new departure from or another confirmation of the long-term chronic retreat from maximum employment and production. I submit that the latter is the case, based upon concrete evidence which is both weighty and most disturbing. As other witnesses have called to the attention of this committee, the economic recovery which has been in process for somewhat more than a year has reduced idle plant and manpower far less than previous recoveries since World War II. To take only one example which is entirely typical, unemployment was reduced about 50 percent in about the first 12 months of recovery following the 1949 recession. But unemployment was reduced only about 12½ percent, or only one-fourth as much, in the first 12 months following the start of recovery from the most recent recession. The same is true, broadly speaking, with respect to idle plant.

Under these circumstances, it is manifestly superficial to talk about the paradox of persistent or "hard core" unemployment despite an otherwise fine economic recovery. There is no paradox at all, and there has been nothing fine about the current recovery thus far. By the fundamental test of how far we have moved toward restoration of reasonably full use of our manpower and plant resources, it is the least satisfactory recovery since World War II. Further, as is now being noted by most objective analysts, the pace of the recovery is slowing down. While it is likely to continue perhaps through 1962 and well into 1963, the outlook beyond then is clouded with uncertainty and considerable trepidation.

While I do not want to say "I told you so," I do not feel that a false modesty should prevent me from bringing before this committee those matters which shed light upon what I shall say shortly. In 1954, I published a study which forecast that our average annual growth rate during the period 1953–60 would be 2.5 percent. This did not receive many encomiums at the time, but it turned out to be correct. My estimates as to how much unemployed manpower and idle plant would gradually result from this low growth rate also turned out to be approximately correct.

For the good of the country, I sincerely hope that I may be wrong this time, but I don't think so. Unless we turn quickly to more vigorous and in some respects different economic policies and programs, I regretfully conclude that our

economic growth rate during the 4 years 1962–65, inclusive, may not be appreciably better than during the period 1953–61 (or not enough better to compensate for the accelerated advance in technology and automation).

The 15th chart, if this should turn out to be the case, shows that we would forfeit, for the 4-year period 1962–65 in the aggregate, almost $300 billion worth of total national production and almost 18 million man-years of employment opportunity.

The 16th chart contrasts, in terms of employment and unemployment in various sectors of the economy, the alternative implications of high and low economic growth rates 1962–65.

The 17th chart depicts the alternative growth rate differentials for most of the important sectors of the economy. It does not include, however, an estimated differential of about $70 billion in public revenues at all levels of government, even assuming certain reductions in tax rates which I deem desirable. The same chart also indicates the estimated differentials in the year 1965 alone. It shows, for example, that in 1965 alone unemployment would be almost 5 million higher in the event of the low economic growth rate than in the event of the high economic growth rate. Allowing for minimum or frictional unemployment in 1965 related to the size of the labor force at that time, a continuation of the low economic growth rate might well mean full-time unemployment of from 8 to 9 million in 1965, especially if it happened to be a recession year, and a true level of employment (including the full-time equivalent of part-time unemployment) very much higher.

MAGNITUDES OF NEEDED EXPANSIONS

The 18th chart depicts the needed expansions in the main sectors of the economy for the calendar years 1962 and 1963, consistent with restoration of maximum employment and production by the end of 1963, and consistent with the longer range goals through 1965. Comparing the goals for 1963 with actual 1961, employment should be up 5⅓ million, and total production up $96 billion, measured in uniform 1960 dollars. The chart also shows the needed increases in consumer spending, business investment, and public outlays. Comparing calendar 1963 with calendar 1961, Federal public outlays for goods and services should be up about $11½ billion, and State and local outlays up about $5½ billion. Transfer payments, related mostly to the social security programs, should be up about $9 billion. Residential nonfarm construction, which is very important, should be up about $9 billion.

Chart 19 depicts the main elements in a Federal budget consistent with all the other projections for the economy as a whole, and geared to the priorities of our needs both international and domestic.

The 20th chart allocates the projected Federal budget among the main priority purposes, both on a per capita basis and as a percentage of projected total national production.

SHORTCOMINGS IN CURRENT PROGRAMS AND POLICIES

Viewed in this broad perspective, the whole range of our national economic programs and policies are not well matched to the gigantic economic problems confronting us, as to magnitudes, timing, or scope. The projected Federal budget for fiscal 1963 is too low on the spending side, and the avowed aim toward a $4 billion surplus in the cash budget when we have so much economic slack is unwise and indeed cannot succeed. Instead of needed reductions in general tax rates, especially as they bear upon low-income people, in order to stimulate consumption, we are moving toward the same kind of tax concessions to investment which would repeat the errors of early 1957. The monetary policy is still too tight, and interest rates are rising when they should be reduced. The efforts to lift incomes and buying power through expansion of social security and related programs are very small, when measured against the needed requirements. In the private economy, under considerable public pressure, the probability seems to me to be that wage adjustments will be far below needed expansion of consumption in this area, just as has been the case during the past 9 years as a whole despite much propaganda to the contrary. Actually, increases in wage rates in manufacturing since 1956 have lagged far behind actual productivity increases, not to speak of technological productivity increases.

THE PROBLEM OF TIMING: ANTIRECESSION VERSUS PROROSPERITY MEASURES

From the viewpoint of timing, too many current proposals fail to recognize that we have an immense chronic problem which has not been solved nor even effectively reduced the long-term chronic retreat from maximum employment and production. This is not basically a cyclical problem, and the substantially outmoded idea that we should place major reliance upon countercyclical measures, as represented by the request for standby capital improvements and standby authority to reduce taxes, is in my view essentially misdirected. A great nation which has so fully recognized in words that our rate of economic growth is still so far too low, and that our unused productive resources are still far too high, should not be concentrating upon planning what it is going to do when unemployment starts to rise again. The hour then will be even later than it is now. The very process of assembling projects which can be quickly started and quickly finished will involve much waste and ineffeciency, and by emphasis upon these criteria will involve much neglect of the greatest priorities of our national needs.

To illustrate, the greatest priorities of our national public needs in the field of capital improvement relate to education, urban renewal, and homebuilding, and certain aspects of mass transportation, and none of these needs would receive central attention under short-term improvised programs if and when we have another recession. It is no answer to say that the proposals now before you include advance planning. We assuredly need advance planning, but it should be advance planning on a truly long-term basis to do the right things first and foremost, and not advance planning to repeat the errors of the past.

NEED FOR A LONG-RANGE AMERICAN ECONOMIC PERFORMANCE BUDGET

A clear mandate as to where our efforts should concentrate, beginning now, is written into the Employment Act of 1946. In the form of what I have called an American economic performance budget, the President with the aid of the Council of Economic Advisers, and in consultation with the functioning groups in the private economy, should develop and present to the Congress long range and consistent quantifications of the requirements for sustained maximum employment and production, and for meeting the great priorities of our national needs. Every basic national economic policy—taxation, monetary policy, social security policy, housing policy, public works policy, international trade policy, and all other major economic programs—should be geared instrumentally to these long-range objectives. The types of projects embodied in the proposals now before this committee would necessarily be included.

Instead of aiming for quick turns and starts, geared to anticyclical policy, we should be aiming toward a positive proprosperity program, constantly building into the structure the factors of stability and strength which are part of such an effort. The long-range levels of public spending, and of capital improvements, should be based upon long-range estimates of what portion of our total national production, measured against maximum employment and production, we decide as a nation to devote to these purposes. If in fact we do not achieve maximum employment and production, these public outlays would automatically rise as a portion of total economic activity, and therefore would serve as automatic stabilizers and stimulants. They could be lifted still further, if need be.

Similarly, the national tax policy should be on a long-range basis, and should be adjusted to a tax take consistent with a balanced budget or a slight surplus at maximum employment and production, with due regard also for a distribution of the tax burden in accord with the requirements of economic equilibrium and economic justice. With this kind of long-range tax policy, appropriate deficits in the Federal budget would occur whenever we are far short of maximum resource use. Instead of this, we now have a budgetary policy and a tax policy which are aimed at the surpluses when idle plant and manpower are very high, and this approach is both wrong and self-defeating.

SPECIFIC RECOMMENDATIONS REGARDING THE THREE PENDING PROPOSALS

These comments provide some workable guides, I submit, in evaluating the three proposals now before this committee.

With respect to the public works coordination and acceleration bill (H.R. 10113) and the standby capital improvements bill (H.R. 10318), these proposals seem to me to embody the defects in principle and approach which I have al-

ready detailed. They are, to a considerable degree, plans for emergency improvisation. They assume that we should be doing later what we should be starting now. They do not accent in proper proportions the priorities of our nationwide needs for capital improvements, and this accent is not provided adequately in any other official proposals. They would sidestep some of the greatest needs, and would indeed generate pressures to defer meeting these needs on the ground that we are doing something else.

Subject to what I said at the beginning of my testimony, to the effect that I would prefer to see immediate enactment of some combination of H.R. 10113 and H.R. 10318 unless something better can be done now, I urge that something better be attempted. I urge a brief and succinct piece of legislation, as an amendment to the Employment Act, calling for the development of a long-range "American economic performance budget" such as I have described. This would set in immediate motion a range of planning efforts better suited to meet our economic needs. It would also be better for the Federal budget in the long run. It would put in motion the kind of planning, the kind of movement toward a great national purpose, which the worldwide competition in which we are now engaged makes so vital. It would provide perspectives which would be of incalculable value to the Congress in its consideration of all basic economic legislation. It would insure against taking one step forward and one step backward.

Turning now to the $600 million proposal, I also favor its immediate enactment, if nothing better is feasible now. But outlays in this amount, over a period of about a year and a half, would be a mere bagatelle, and a relatively inefficient one at that. Nor do I agree that the concentration of projects under this proposal in the somewhat less than 1,000 localities which either fall within so-called redevelopment areas or which for 12 months have had so-called substantial unemployment, is desirable. Unemployment is far too high on a nationwide basis. The President in his letter transmitting this proposal on March 26, 1962, said that unemployment is 33 percent higher in these localities, representing 38 percent of our total population, than the average of unemployment in the rest of the country. But by the same token, it is mathematically true that unemployment averages only about 25 percent lower—and is much too high—in all the rest of the country than in the localities which would be designated as requiring undivided attention.

Moreover, the $600 million proposal, for reasons already given, does not in my judgment correctly balance the competing national needs for various types of capital improvements—it cannot, when put on an emergency basis with speed of start and speed of completion a primary criterion. Many projects which would take longer to complete would help just as much with the immediate unemployment problem, and certainly help much more with the real problem which has become chronic. In other words, we are simply not geared now to a high enough level of public outlays for capital improvements over the long run.

Beyond all this, concentration of effort upon a highly selected number of localities misreads in my view the character of the unemployment problem. And I would think that experience thus far with the area redevelopment program would indicate that, unless we deal effectively with the whole nationwide economic environment, efforts to help selected localities are gravely handicapped; and even insofar as these efforts product local results, they tend to rob Peter to pay Paul by transferring the unemployment problem from one locality to another.

Therefore, I recommend that the immediate authority to proceed on a $600 million basis be lifted to $2 billion, in order words that the standby proposal be made immediate. I also recommend that this program may be made applicable throughout the Nation generally, perhaps with a quarter of the total amount limited for use in those localities to which the proposal is now pointed. None of this authorization should be predicated upon a worsening of the current unemployment picture, nor should it be accompanied by a time limitation. If the Employment Act of 1946 is to be truly effectuated, the authority should remain in effect at least until nationwide unemployment is reduced to 4 percent, or preferably 3½ percent, of the civilian labor force. This would leave a sufficient margin above the less than 3 percent nationwide unemployment rate which would really be consistent with maximum employment. To achieve more flexibility in the choice of worthwhile projects, the requirement for completion within a specified time should be removed. It is unfortunate but true that we will not be out of the woods for a long time to come. In any event, over the next decade we need a much higher level of total public capital improvements than are now being planned.

If the need for immediate acceleration of expansionary economic efforts were not now so urgent, I would be hesitant about making this $2 billion immediate proposal, because it may seem to run counter to some of the basic problems which I have set forth above, namely, appropriate allocation of capital development outlays among various priorities of need, such as education, housing, health facilities, urban area transport, etc. But in addition to the urgency of need for vast economic expansionary efforts, my $2 billion immediate proposal is accompanied by my proposal for the other planning legislation which I have suggested above in order to establish better foundations for optimum economic development on a long-range basis (which at best would take some time to put into effect even if this planning operation were started now). And this long-range planning effort, if adopted and put promptly into effect, would gradually correct any aberrations which might result from the $2 billion immediate effort which I urge—and urge even if the long-range planning effort is not now enacted.

TRAINING WORKERS FOR WHAT?

Finally, I want to say a word about the worker training and retraining program enacted by the Congress at this session. I regard this program as highly desirable. Yet, it indicates, I believe, some of the illogic and inconsistencies in our current economic approaches as a whole. The training and retraining effort is predicated upon the assumption that there will be jobs of new types for which prospective workers need to be prepared. The $600 million proposal, in its present form, is predicated upon the assumption that no retraining will be required, because unemployment in the construction industry is much higher than the nationwide average of unemployment. But in view of the new technology and automation, how long will this remain true? What we really need urgently is a long-range program which commences to adjust the skills of the labor force to the consequences of the new technology and automation, to changing consumer tastes, and to the long-range goods and services needs of the country. It is not enough to have a program which adjusts the products undertaken to where biggest labor surpluses happen to be just now. If we limit ourselves to this latter approach, we would create one more long-range maladjustment for every short-range maladjustment that we tackle.

THE ROLE OF HOUSING AND URBAN RENEWAL

To take just one example, if we develop now the kind of long-range "American economic performance budget" which I have described, we would immediately recognize that the largest single opportunity for meeting the challenge of the new technology and automation, while at the same time servicing the top priorities of our national needs, would be through an immense expansion of urban renewal and housing—perhaps at an annual rate almost twice as high as what is now in prospect. But thus far, we seem not even to be thinking in these terms. The same may be said, in varying degrees, about our educational needs and our health needs. Indeed, the kind of long-range analysis which I stress would make it clear that we should be preparing for a gradual shift of a much larger part of our labor force away from the production of goods and toward the production of services.

I hope that what I have said will be of some value to this committee. If it appears that I have strayed far away from the immediate proposals now before you, I submit that this is only because of my profound conviction that we must start to examine the forest as well as the trees. Only thus can we start to move vigorously and successfully in dealing with an economic problem of overwhelming size, a problem intimately relating not only to our own domestic well-being but also to the prospects for freedom throughout the world.

SUMMARY OF TESTIMONY OF LEON H. KEYSERLING BEFORE HOUSE COMMITTEE ON PUBLIC WORKS, FRIDAY MORNING, APRIL 6, 1962

(Mr. Keyserling appeared on behalf of the National Housing Conference, but assumed personal responsibility for the views expressed)

In opening, Mr. Keyserling said:

"I intend to discuss the President's proposal for an immediate $600 million public works program to reduce unemployment in specified areas; the President's proposal embodied in the standby capital improvements bill (H.R. 10318);

and the separate proposal embodied in the public works coordination and acceleration bill (H.R. 10113).

"All three of these proposals represent a most heartening acceleration of public concern about unemployment in particular, and about the entire economic situation in general. I applaud especially the action by the President with respect to the immediate $600 million proposal. It represents great courage and realism in the face of the President's expressed dedication to the objective of a balanced Federal budget in fiscal 1963. I most earnestly urge this committee to act favorably and immediately upon the $600 million proposal, and upon some combination of H.R. 10113 and H.R. 10318, unless the committee should agree with me that much more should be done at this time, and some things perhaps done differently. Having made this much clear, I believe that the measures now before you are woefully short of our palpable and immedite needs as a nation and a people, and equally short of our abundant resources to meet these needs. They reflect an undue complacency which has become prevalent; an inadequate appraisal of the true nature of our economic difficulties and how best to surmount them; too much emergency improvisation and not enough long-range planning; too much reliance on maginot line economics, and not enough adherence to an affirmative and aggressive national policy of sustained maximum employment and production and high economic growth under the Employment Act of 1946."

After reviewing the 1953–61 record of low economic growth and chronically rising idleness of manpower and plant, Mr. Keyserling said:

"The crucial question today is whether the current economic upturn represents a new departure from or another confirmation of the 'long-term chronic retreat from maximum employment and production' since early 1953. I submit that the later is the case. Unemployment was reduced about 50 percent in about the first 12 months of recovery following the 1949 recession. But unemployment was reduced only about 12½ percent, or only one-fourth as much, in the first 12 months following the start of recovery from the most recent recession. By the fundamental test of how far we have moved toward restoration of reasonably full use of our manpower and plant resources, the current recovery is the least satisfactory recovery since World War II."

Mr. Keyserling then discussed needed economic expansion, as follows:

"The needed expansions, consistent with restoration of maximum employment and production by the end of 1963, are these: Comparing needed goals for 1963 with actual 1961, employment should be up 5⅓ million, and total production up $96 billion. The whole range of our national economic programs and policies are not well matched to the gigantic economic problems confronting us, as to magnitudes, timing, or scope. To illustrate, the projected Federal budget for fiscal 1963 is too low on the spending side, and the avowed aim toward a $4 billion surplus in the cash budget when we have so much economic slack is unwise and indeed cannot succeed. Instead of needed reductions in general tax rates, especially as they bear upon low-income people, in order to stimulate consumption, we are moving toward the same kind of tax concessions to investment which would repeat the errors of early 1957. Too many current proposals fail to recognize that we have an immense chronic problem which has not been solved nor even effectively reduced—'the long-term chronic retreat from maximum employment and production.' This is not basically a cyclical problem, and the substantially outmoded idea that we should place major reliance upon counter-cyclical measures, as represented by the request for standby capital improvements and standby authority to reduce taxes, is in my view essentially misdirected. A great nation which has so fully recognized in words that our rate of economic growth is still so far too low, and that our unused productive resources are still far too high, should not be concentrating upon planning what it is going to do when unemployment starts to rise again. The hour then will be even later than it is now. The very process of assembling projects which can be quickly started and quickly finished will involve much waste and inefficiency. The greatest priorities of our national public needs in the field of capital improvement relate to education, urban renewal and home-building, health services, and certain aspects of mass transportation, and none of these needs would receive central attention under short-term improvised programs if and when we have another recession."

Mr. Keyserling's specific recommendations regarding the three pending proposals were as follows:

"With respect to the public works coordination and acceleration bill and the standby capital improvements bill, these proposals are, to a considerable degree,

plans for emergency improvisation. They assume that we should be doing later what we should be starting now. They do not accent in proper proportions the priorities of our nationwide needs for capital improvement, and this accent is not provided adequately in any other official proposals. They would sidestep some of the greatest needs, and would indeed generate pressures against meeting these needs on the ground that we are doing something else.

"Subject to the point that I would prefer to see immediate enactment of some combination of these two measures unless something better can be done now, I urge instead an amendment to the Employment Act, calling for the development of a long-range American economic performance budget. This would set in immediate motion the kind of planning, the kind of movement, toward a great national purpose, which the worldwide competition in which we are now engaged makes so vital. It would provide perspectives which would be of incalculable value to the Congress in its consideration of all basic economic legislation. It would insure against taking one step forward and one step backward.

"Turning now to the $600 million proposal, I also favor its immediate enactment, if nothing better is feasible now. But outlays in this amount, over a period of about a year and a half, would be a mere bagatelle, and a relatively inefficient one at that. Nor do I think it desirable to concentrate projects under this proposal in the somewhat less than 1,000 localities which either fall within so-called redevelopment areas or which for 12 months have had so-called substantial unemployment. The President in his letter transmitting this proposal on March 26, 1962, said that unemployment is 33 percent higher in these localities, representing 38 percent of our total population, than the average of unemployment in the rest of the country. But by the same token, it is mathematically true that unemployment averages only about 25 percent lower—and is much too high—in all the rest of the country than in the localities which would be designated as requiring undivided attention.

"Moreover, the $600 million proposal, for reasons already given, does not in my judgment correctly balance the competing national needs for various types of capital improvements. Many projects which would take longer to complete would help just as much with the immediate unemployment problem, and certainly help much more with the real problem which has become chronic. Beyond all this, I think that experience thus far with the area redevelopment program indicates that, unless we deal effectively with the whole nationwide economic environment, efforts to help selected localities are gravely handicapped; and even insofar as these efforts produce local results, they tend to rob Peter to pay Paul by transferring the unemployment problem from one locality to another.

"Therefore, I recommend that the immediate authority to proceed on a $600 million basis be lifted to $2 billion; in other words that the standby proposal be made immediate, and that this program be made applicable throughout the Nation generally, perhaps with a quarter of the total amount limited for use in those localities to which the proposal is now pointed. None of this authorization should be predicated upon a worsening of the current unemployment picture, nor should it be accompanied by a time limitation. If the Employment Act of 1946 is to be truly effectuated, the authority should remain in effect at least until nationwide unemployment is reduced to 4 percent, or preferably 3½ percent, of the civilian labor force. This would leave a sufficient margin above the less than 3 percent nationwide unemployment rate which would really be consistent with maximum employment."

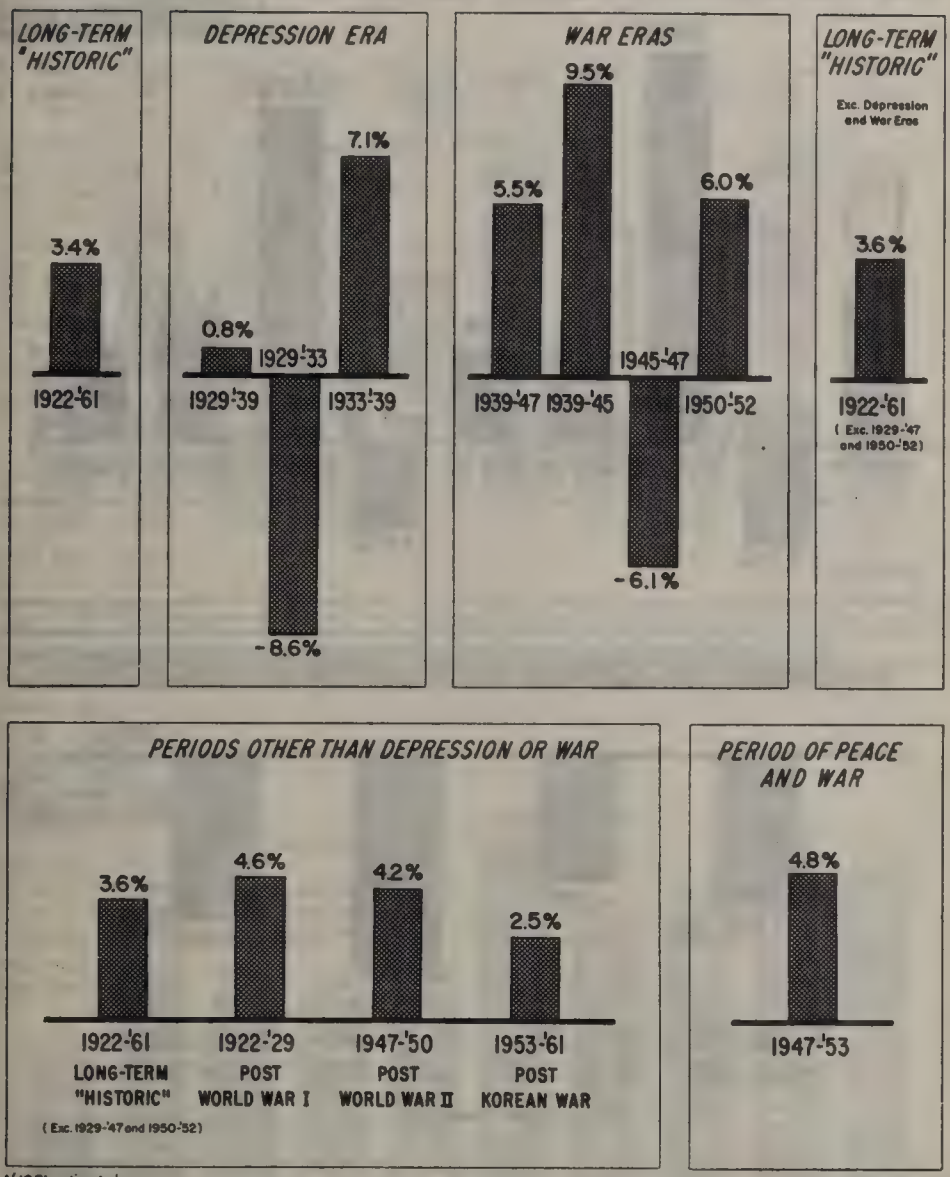
With respect to training and retraining of workers, Mr. Keyserling said:

"The training and retraining effort is predicated upon the assumption that there will be jobs of new types for which prospective workers need to be prepared. The $600 million proposal, in its present form, is predicated upon the assumption that no retraining will be required because unemployment in the construction industry is much higher than the nationwide average of unemployment. But in view of the new technology and automation, how long will this remain true? What we really need urgently is a long-range program which commences to adjust the skills of the labor force to the consequences of the new technology and automation, to changing consumer tastes, and to the long-range goods and service needs of the country.

"To take just one example, if we develop now the kind of long-range American economic performance budget which I have described, we would immediately recognize that the largest single opportunity for meeting the challenge of the new technology and automation, while at the same time servicing the top priorities of our national needs, would be through an immense expansion of urban renewal and housing—perhaps at an annual rate almost twice as high as what is now in prospect."

GROWTH RATES, U.S. ECONOMY, 1922-1961 1/

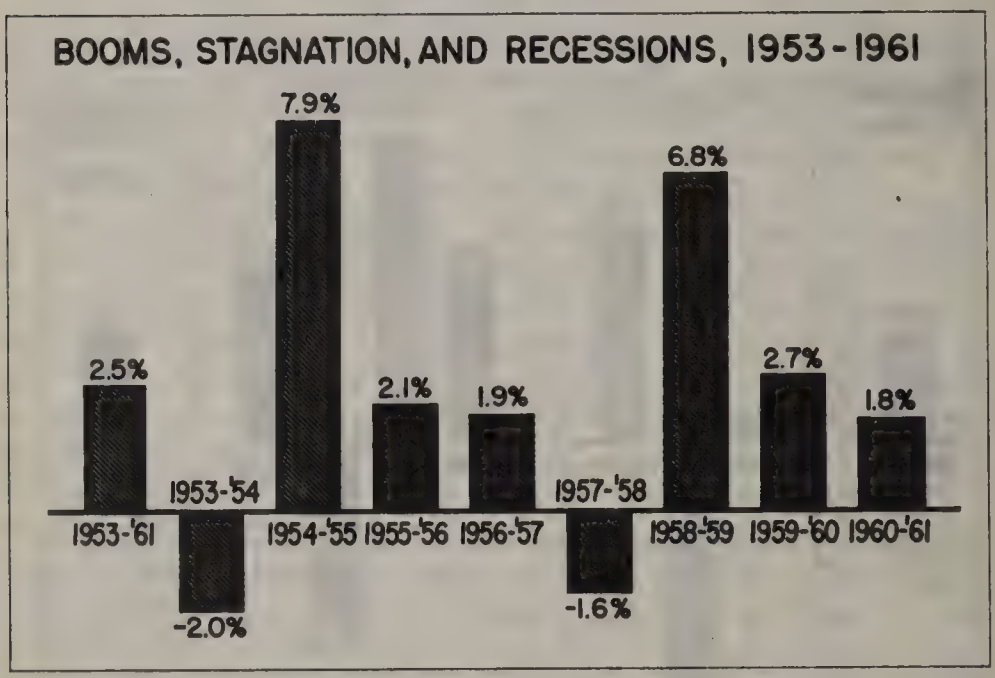
Average Annual Rates of Change in Gross National Product
In Uniform 1960 Dollars

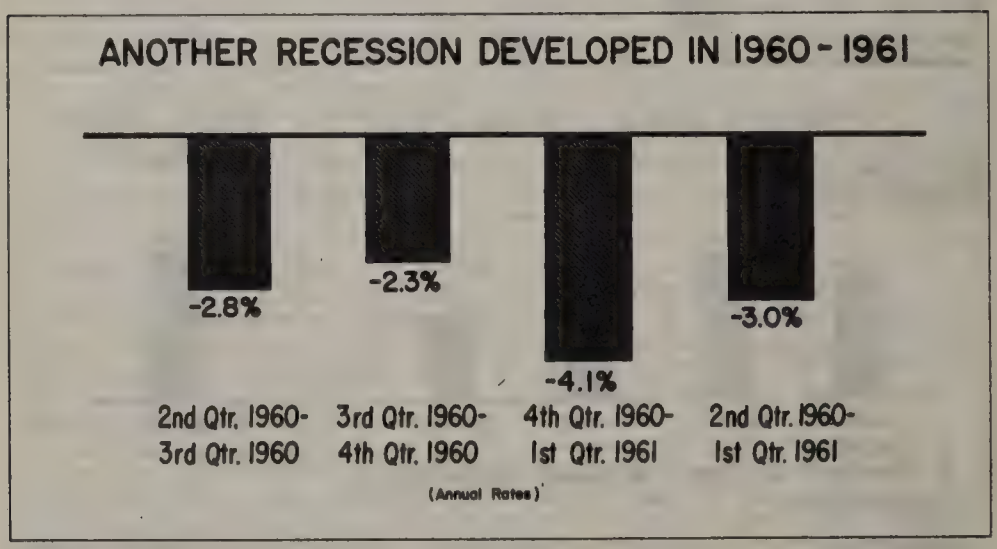


1/ 1961 estimated

GROWTH RATES, U.S. ECONOMY, 1953-1961 1/

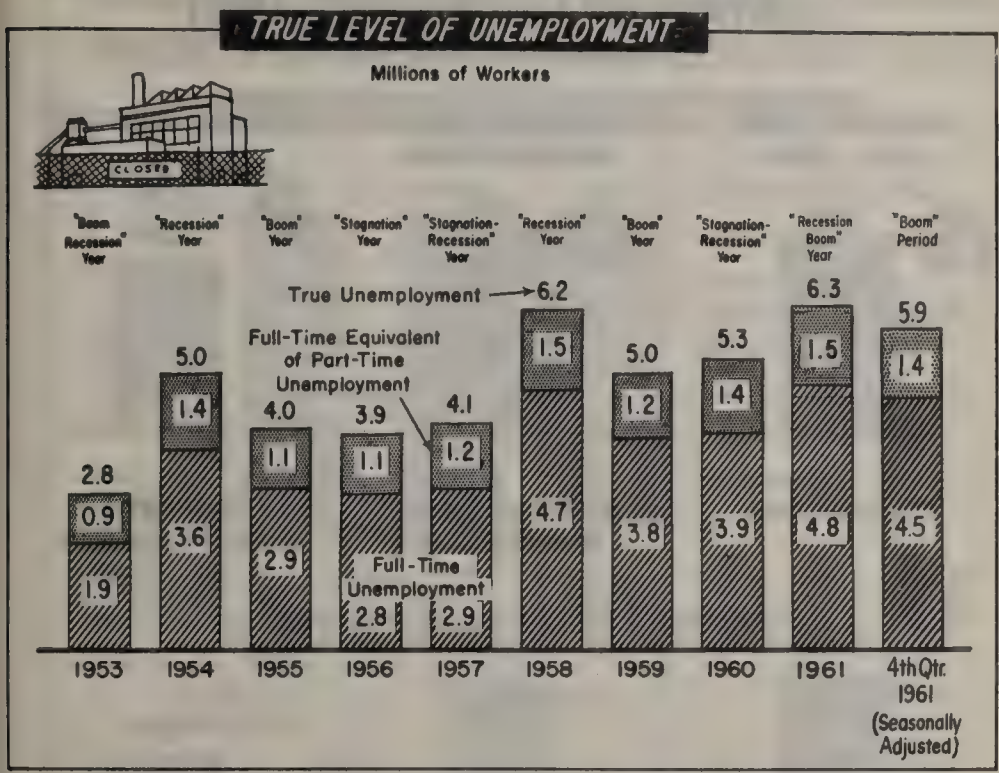
Average Annual Rates of Change in Gross National Product
In Uniform 1960 Dollars

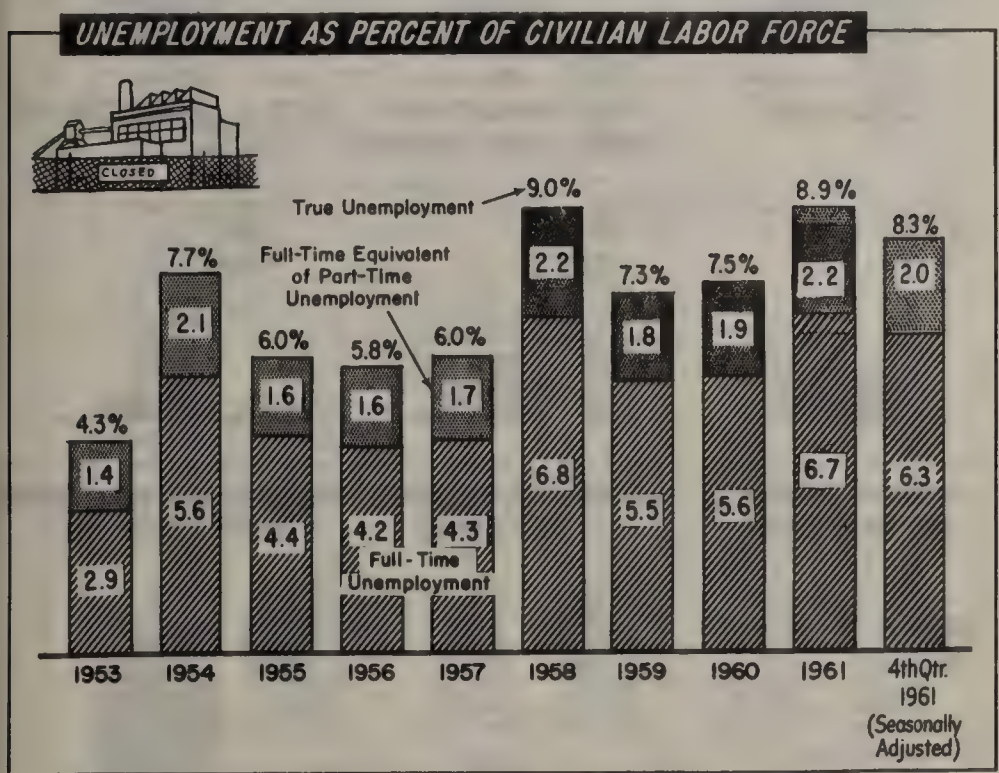


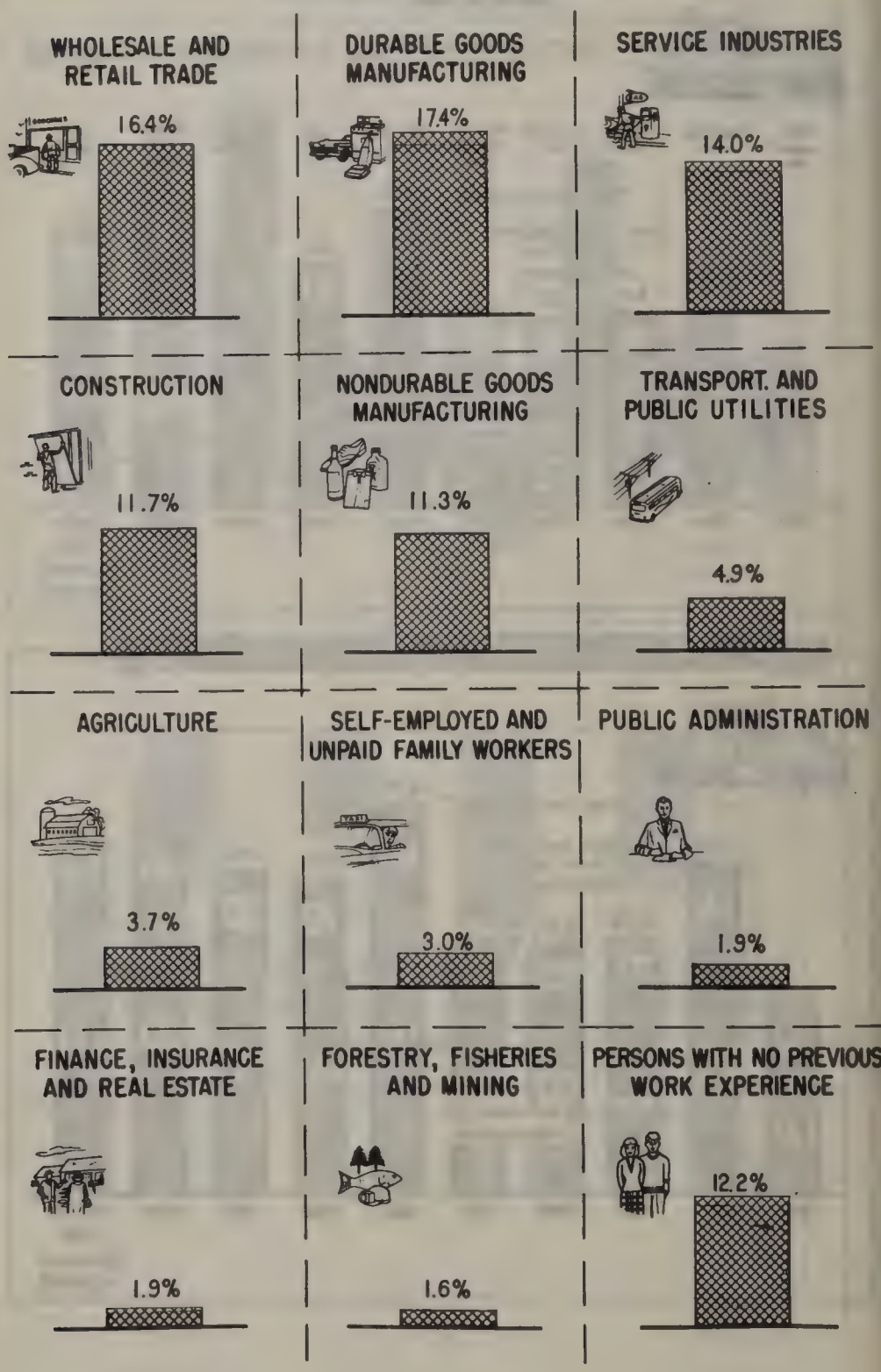


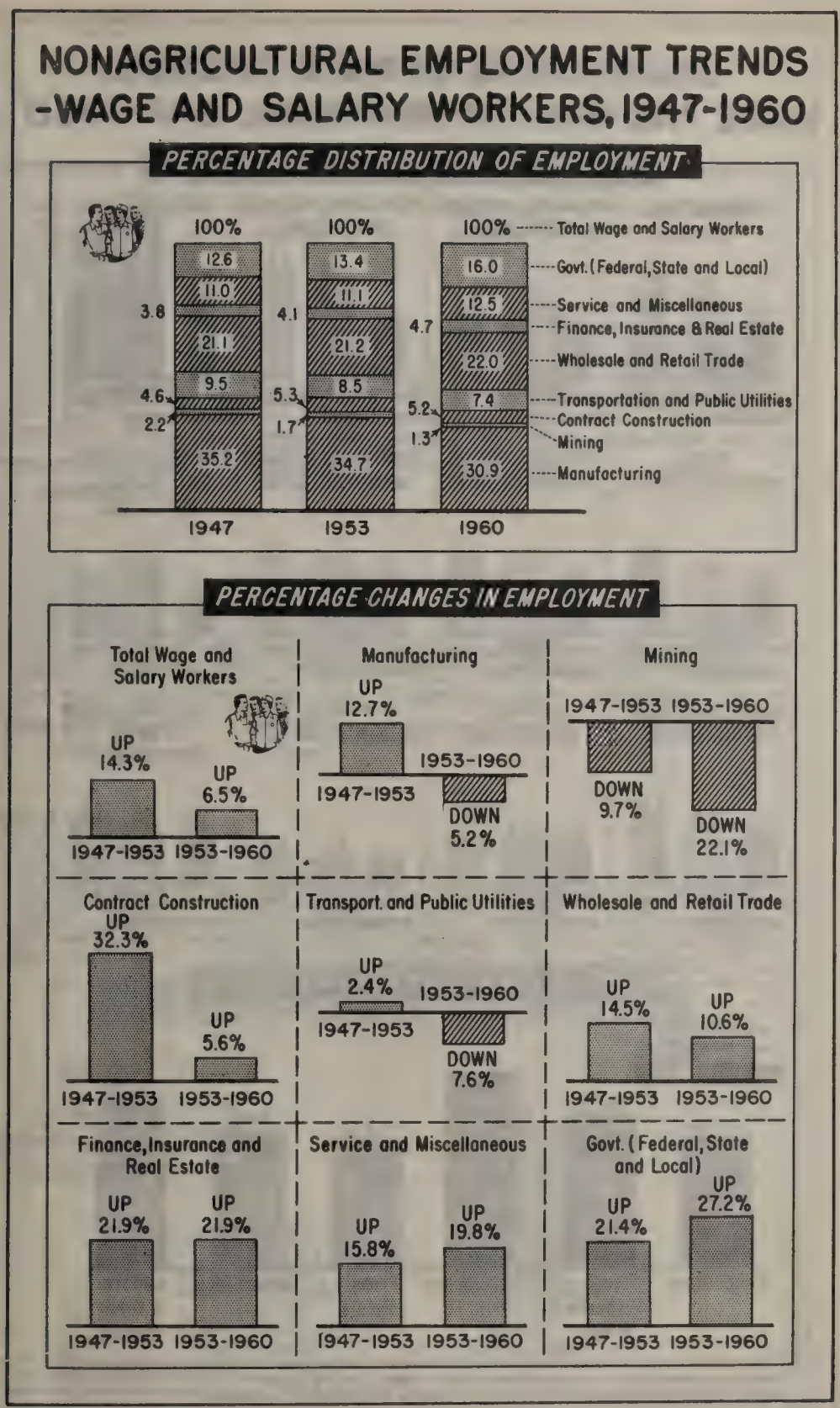
1/ 1961 estimated

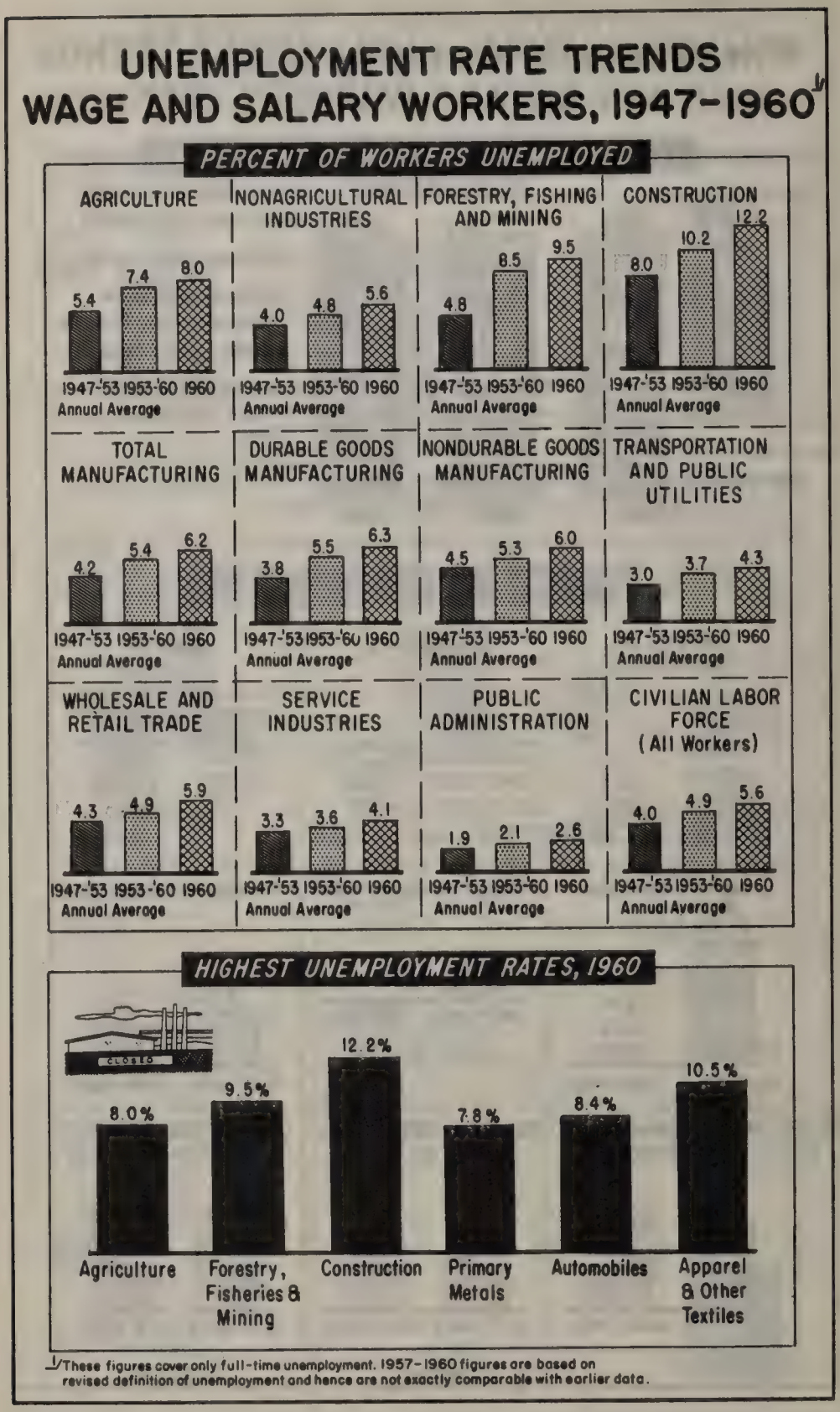
THE CHRONIC RISE OF IDLE MANPOWER



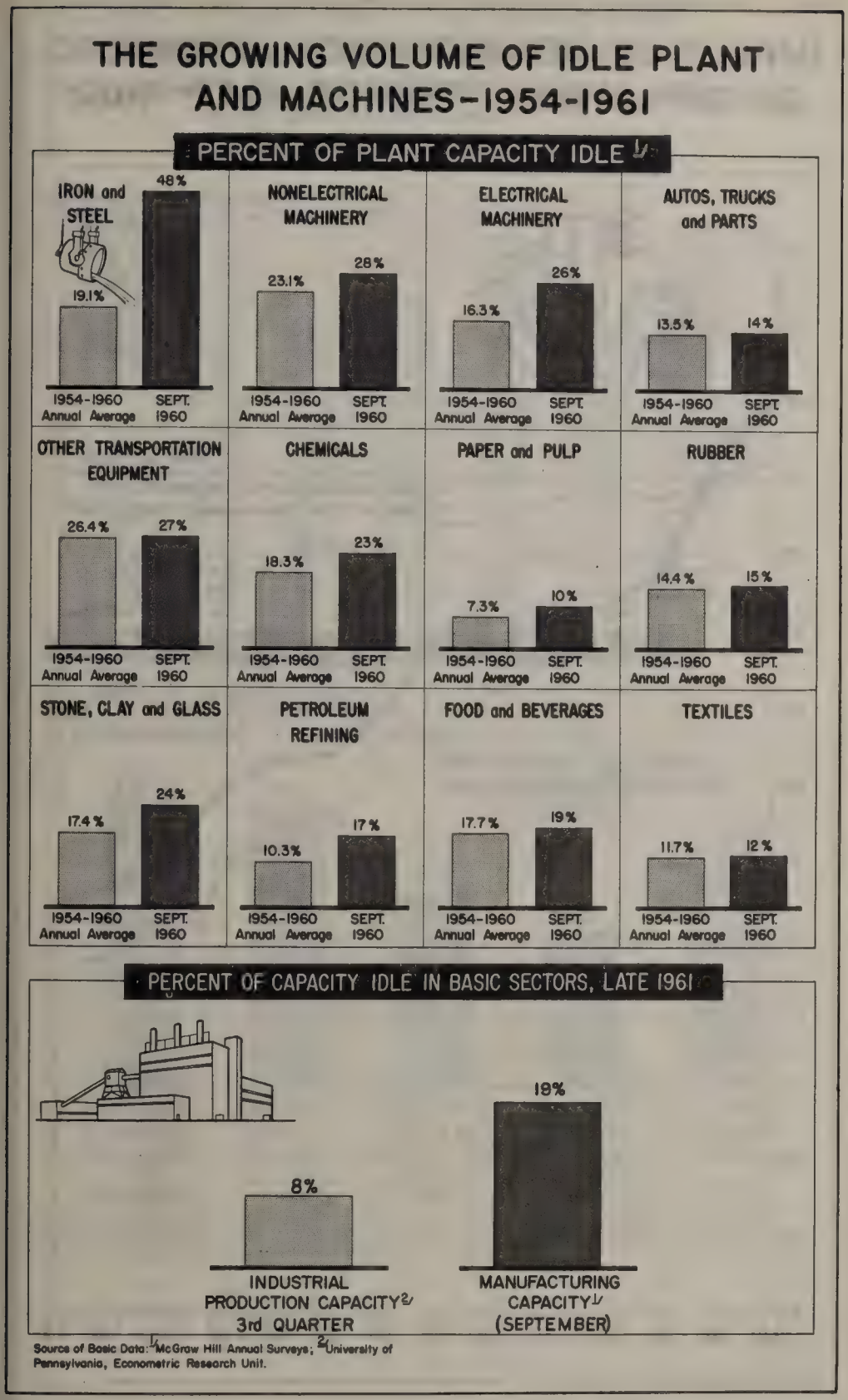


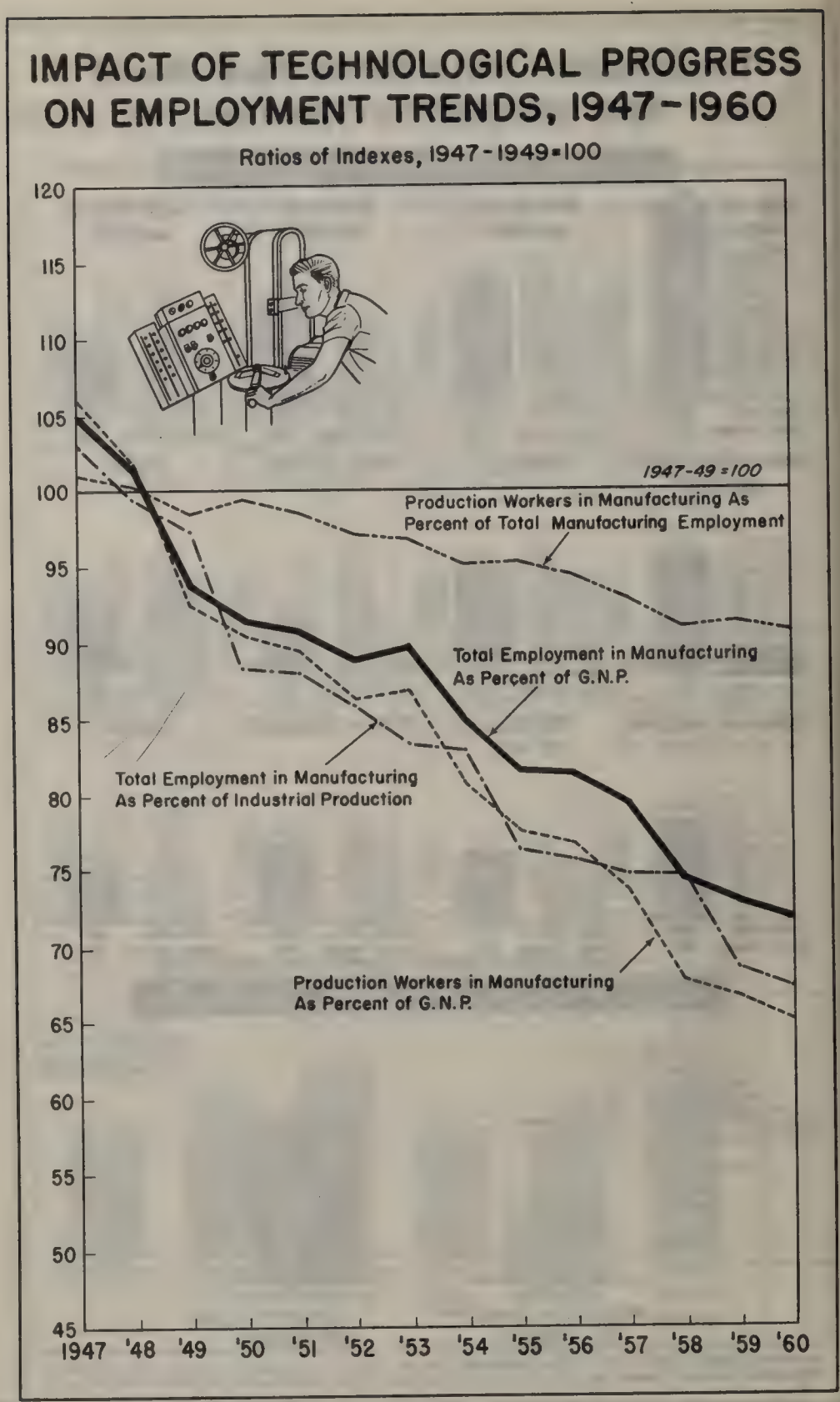

TOTAL OF THOSE UNEMPLOYED SHOWN BY CATEGORY, 1961
(All Categories Add to 100 Percent)
WHOLESALE AND RETAIL TRADE
16.4%
DURABLE GOODS MANUFACTURING
17.4%
SERVICE INDUSTRIES
14.0%
CONSTRUCTION
11.7%
NONDURABLE GOODS MANUFACTURING
11.3%
TRANSPORT. AND PUBLIC UTILITIES
4.9%
AGRICULTURE
3.7%
SELF-EMPLOYED AND UNPAID FAMILY WORKERS
3.0%
PUBLIC ADMINISTRATION
1.9%
FINANCE, INSURANCE AND REAL ESTATE
1.9%
FORESTRY, FISHERIES AND MINING
1.6%
PERSONS WITH NO PREVIOUS WORK EXPERIENCE
12.2%


NONAGRICULTURAL EMPLOYMENT TRENDS -WAGE AND SALARY WORKERS, 1947-1960
PERCENTAGE DISTRIBUTION OF EMPLOYMENT
100%
12.6
11.0
3.8
21.1
9.5
4.6
2.2
35.2
1947
100%
13.4
11.1
4.1
21.2
8.5
5.3
1.7
34.7
1953
100%
16.0
12.5
4.7
22.0
7.4
5.2
1.3
30.9
1960
Total Wage and Salary Workers
Govt. (Federal, State and Local)
Service and Miscellaneous
Finance, Insurance & Real Estate
Wholesale and Retail Trade
Transportation and Public Utilities
Contract Construction
Mining
Manufacturing
PERCENTAGE CHANGES IN EMPLOYMENT
Total Wage and Salary Workers
UP 14.3%
UP 6.5%
1947-1953 1953-1960
Manufacturing
UP 12.7%
1947-1953
1953-1960
DOWN 5.2%
Mining
1947-1953 1953-1960
DOWN 9.7%
DOWN 22.1%
Contract Construction
UP 32.3%
UP 5.6%
1947-1953 1953-1960
Transport. and Public Utilities
UP 2.4%
1953-1960
1947-1953
DOWN 7.6%
Wholesale and Retail Trade
UP 14.5%
UP 10.6%
1947-1953 1953-1960
Finance, Insurance and Real Estate
UP 21.9%
UP 21.9%
1947-1953 1953-1960
Service and Miscellaneous
UP 15.8%
UP 19.8%
1947-1953 1953-1960
Govt. (Federal, State and Local)
UP 21.4%
UP 27.2%
1947-1953 1953-1960



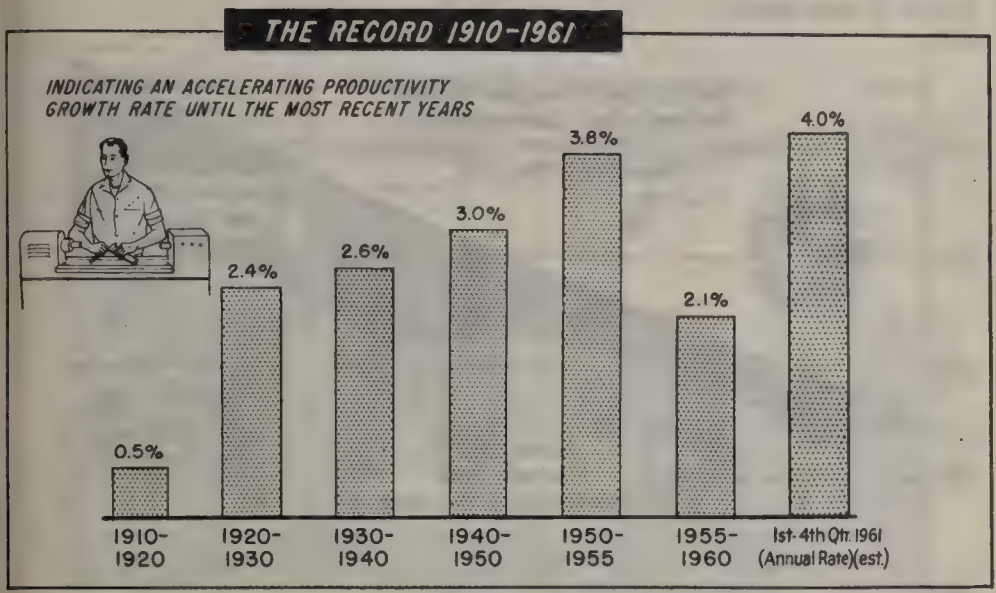
1/ These figures cover only full-time unemployment. 1957-1960 figures are based on revised definition of unemployment and hence are not exactly comparable with earlier data.

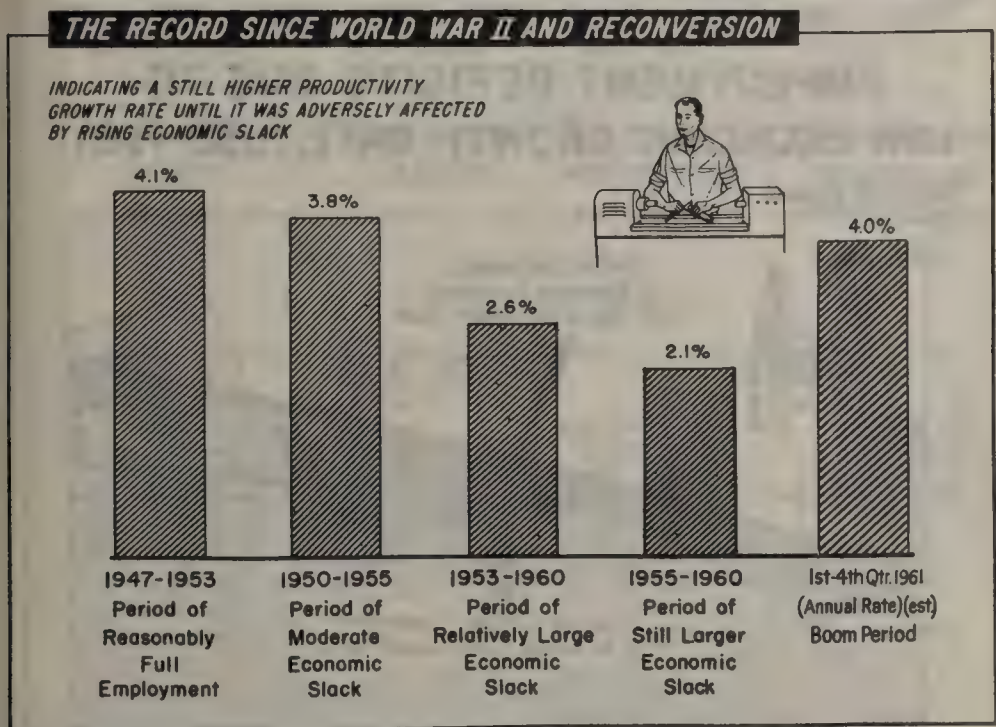

THE GROWING VOLUME OF IDLE PLANT AND MACHINES-1954-1961
PERCENT OF PLANT CAPACITY IDLE 1/
IRON and STEEL
19.1%
48%
NONELECTRICAL MACHINERY
23.1%
28%
ELECTRICAL MACHINERY
16.3%
26%
AUTOS, TRUCKS and PARTS
13.5%
14%
OTHER TRANSPORTATION EQUIPMENT
26.4%
27%
CHEMICALS
18.3%
23%
PAPER and PULP
7.3%
10%
RUBBER
14.4%
15%
STONE, CLAY and GLASS
17.4%
24%
PETROLEUM REFINING
10.3%
17%
FOOD and BEVERAGES
17.7%
19%
TEXTILES
11.7%
12%
1954-1960 Annual Average
SEPT. 1960
PERCENT OF CAPACITY IDLE IN BASIC SECTORS, LATE 1961
8%
INDUSTRIAL PRODUCTION CAPACITY 2/ 3rd QUARTER
19%
MANUFACTURING CAPACITY 1/ (SEPTEMBER)
Source of Basic Data: 1/ McGraw Hill Annual Surveys; 2/ University of Pennsylvania, Econometric Research Unit.


IMPACT OF TECHNOLOGICAL PROGRESS ON EMPLOYMENT TRENDS, 1947-1960
Ratios of Indexes, 1947-1949=100
1947-49 = 100
Production Workers in Manufacturing As Percent of Total Manufacturing Employment
Total Employment in Manufacturing As Percent of G.N.P.
Total Employment in Manufacturing As Percent of Industrial Production
Production Workers in Manufacturing As Percent of G.N.P.
120
115
110
105
100
95
90
85
80
75
70
65
60
55
50
45
1947
'48
'49
'50
'51
'52
'53
'54
'55
'56
'57
'58
'59
'60

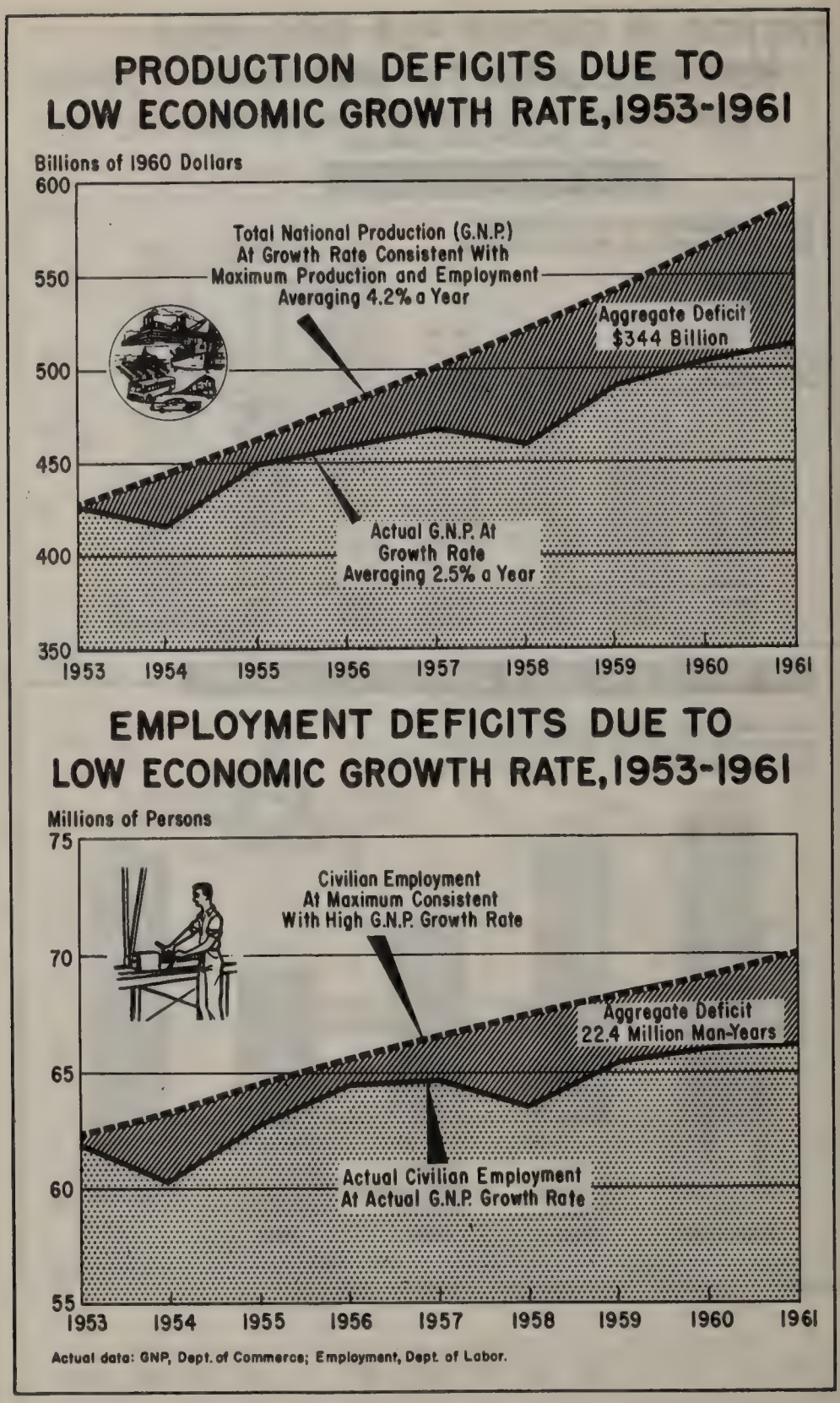
TRENDS IN OUTPUT PER MAN-HOUR -OR PRODUCTIVITY-1910-1961

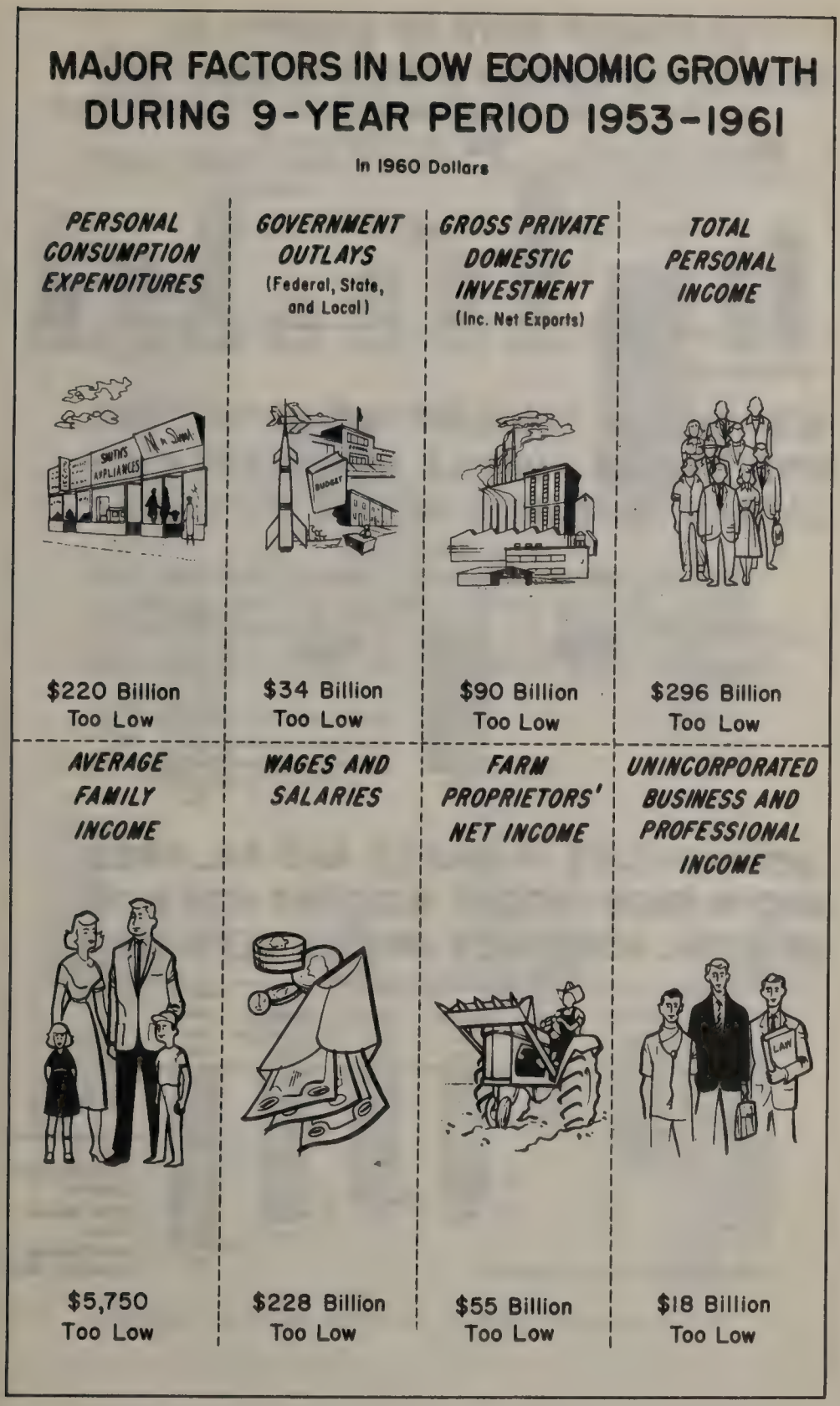
Average Annual Rate of Productivity Growth for the Entire Private Economy



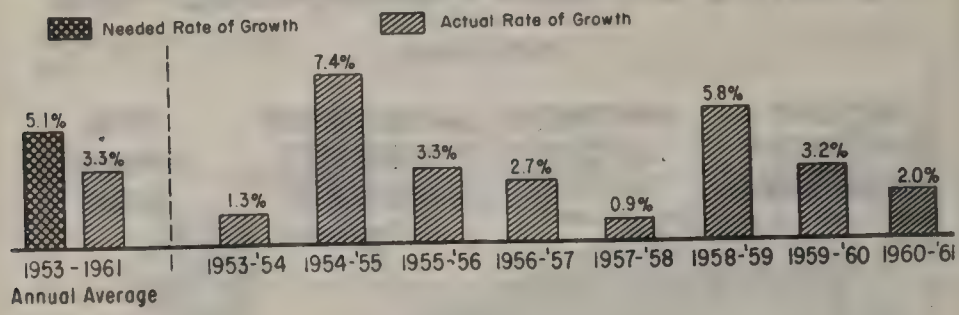


Note: Based on U.S. Department of Labor estimates, relating to man-hours worked.

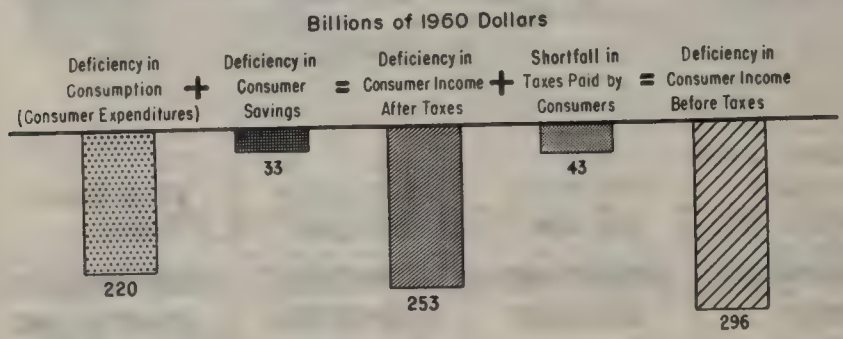

PRODUCTION DEFICITS DUE TO LOW ECONOMIC GROWTH RATE, 1953-1961
Billions of 1960 Dollars
600
550
500
450
400
350
Total National Production (G.N.P.) At Growth Rate Consistent With Maximum Production and Employment Averaging 4.2% a Year
Aggregate Deficit $344 Billion
Actual G.N.P. At Growth Rate Averaging 2.5% a Year
1953
1954
1955
1956
1957
1958
1959
1960
1961
EMPLOYMENT DEFICITS DUE TO LOW ECONOMIC GROWTH RATE, 1953-1961
Millions of Persons
75
70
65
60
55
Civilian Employment At Maximum Consistent With High G.N.P. Growth Rate
Aggregate Deficit 22.4 Million Man-Years
Actual Civilian Employment At Actual G.N.P. Growth Rate
1953
1954
1955
1956
1957
1958
1959
1960
1961
Actual data: GNP, Dept. of Commerce; Employment, Dept. of Labor.


MAJOR FACTORS IN LOW ECONOMIC GROWTH
DURING 9-YEAR PERIOD 1953-1961
In 1960 Dollars
PERSONAL CONSUMPTION EXPENDITURES
SMITH'S APPLIANCES
$220 Billion
Too Low
GOVERNMENT OUTLAYS
(Federal, State, and Local)
BUDGET
$34 Billion
Too Low
GROSS PRIVATE DOMESTIC INVESTMENT
(Inc. Net Exports)
$90 Billion
Too Low
TOTAL PERSONAL INCOME
$296 Billion
Too Low
AVERAGE FAMILY INCOME
$5,750
Too Low
WAGES AND SALARIES
$228 Billion
Too Low
FARM PROPRIETORS' NET INCOME
$55 Billion
Too Low
UNINCORPORATED BUSINESS AND PROFESSIONAL INCOME
LAW
$18 Billion
Too Low

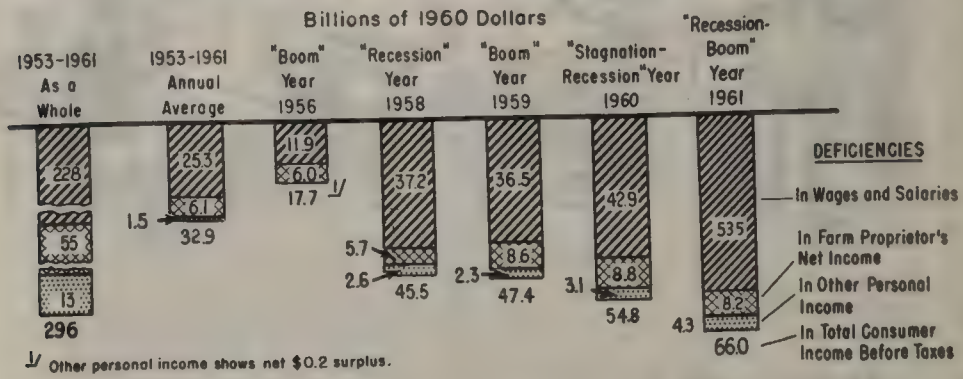
DEFICIENT RATE OF GROWTH IN PRIVATE CONSUMER SPENDING, 1953-1961

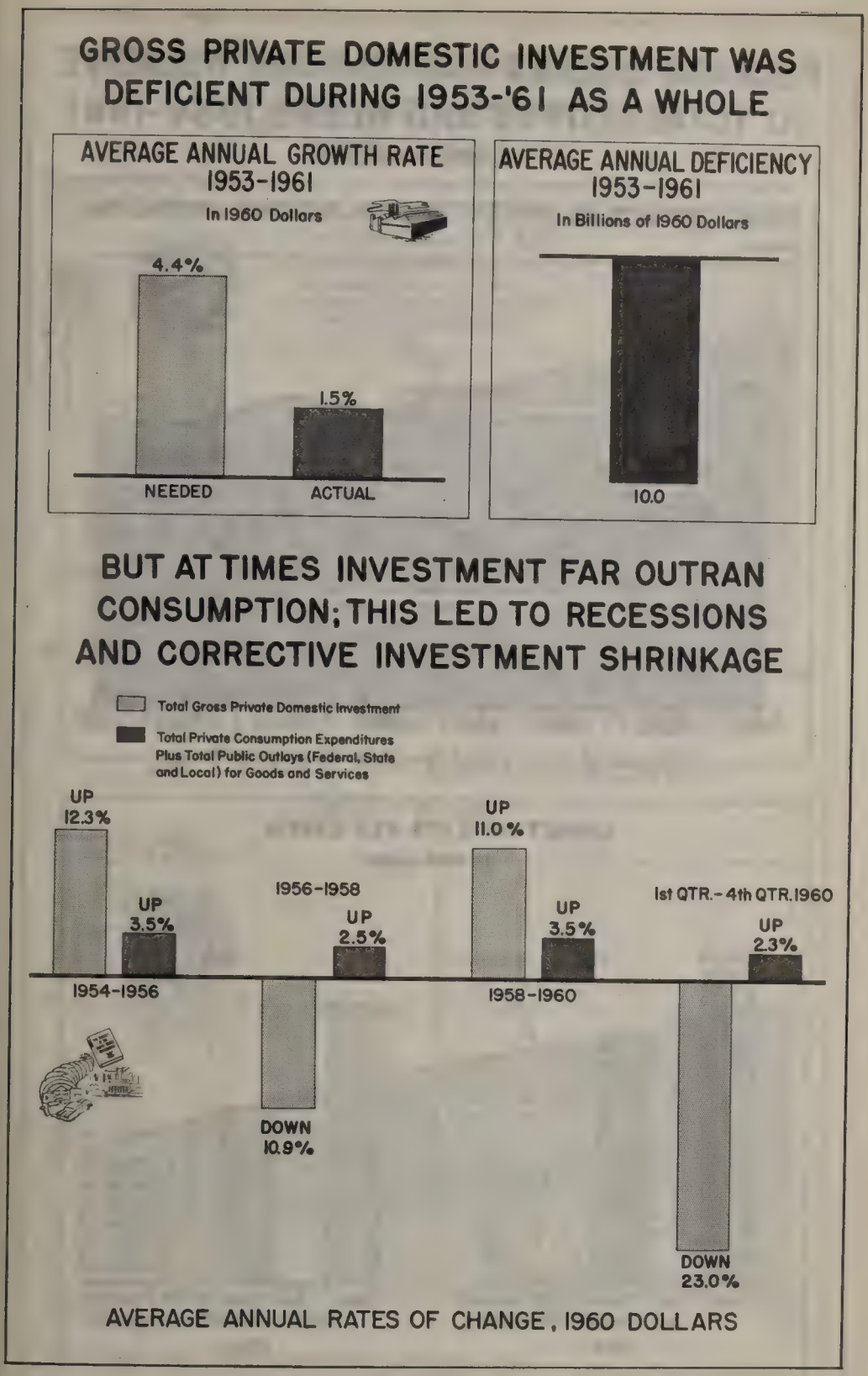


$220 BILLION CONSUMPTION DEFICIENCY, 1953-1961 AS A WHOLE, REFLECTED EVEN LARGER CONSUMER INCOME DEFICIENCY



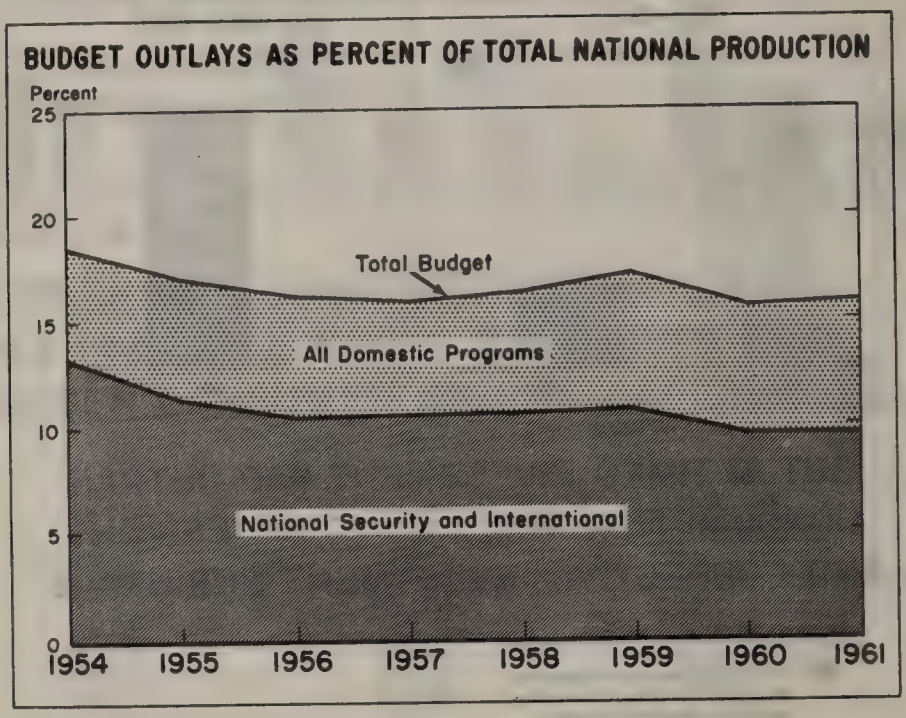
DEFICIENCIES IN WAGES AND SALARIES AND IN FARM INCOME ACCOUNT FOR MOST OF TOTAL CONSUMER INCOME DEFICIENCY

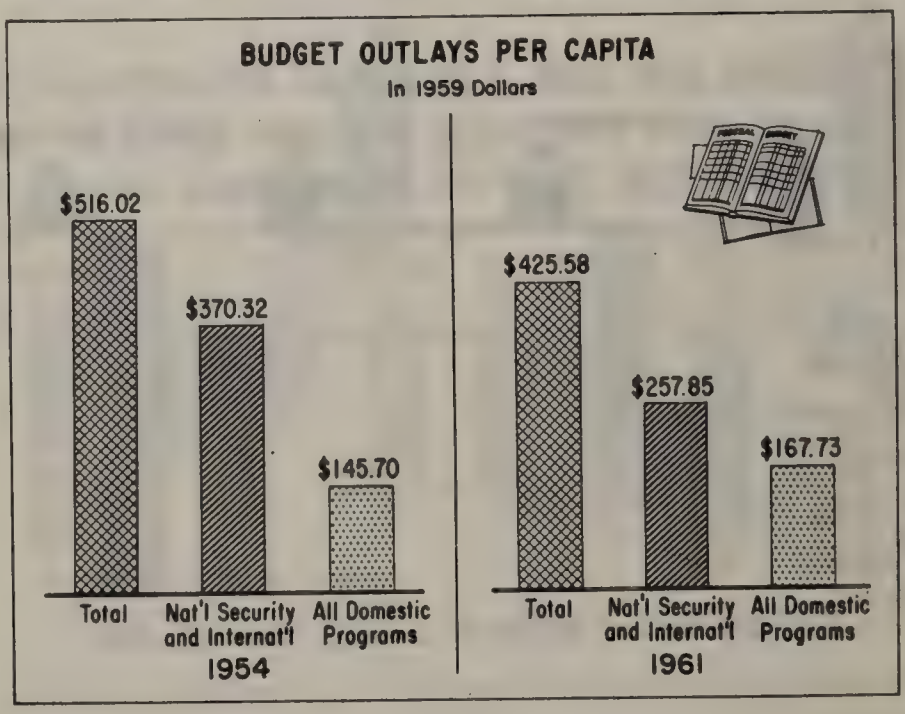


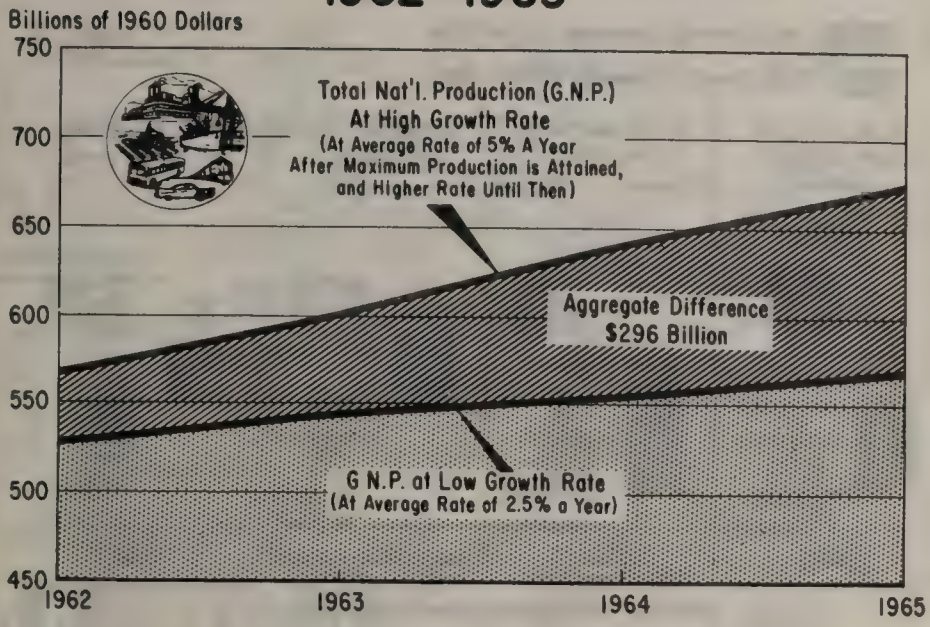

GROSS PRIVATE DOMESTIC INVESTMENT WAS DEFICIENT DURING 1953-'61 AS A WHOLE
AVERAGE ANNUAL GROWTH RATE 1953-1961
In 1960 Dollars
4.4%
1.5%
NEEDED
ACTUAL
AVERAGE ANNUAL DEFICIENCY 1953-1961
In Billions of 1960 Dollars
10.0
BUT AT TIMES INVESTMENT FAR OUTRAN CONSUMPTION; THIS LED TO RECESSIONS AND CORRECTIVE INVESTMENT SHRINKAGE
Total Gross Private Domestic Investment
Total Private Consumption Expenditures Plus Total Public Outlays (Federal, State and Local) for Goods and Services
UP 12.3%
UP 3.5%
1954-1956
1956-1958
UP 2.5%
DOWN 10.9%
UP 11.0%
UP 3.5%
1958-1960
1st QTR.-4th QTR.1960
UP 2.3%
DOWN 23.0%
AVERAGE ANNUAL RATES OF CHANGE, 1960 DOLLARS

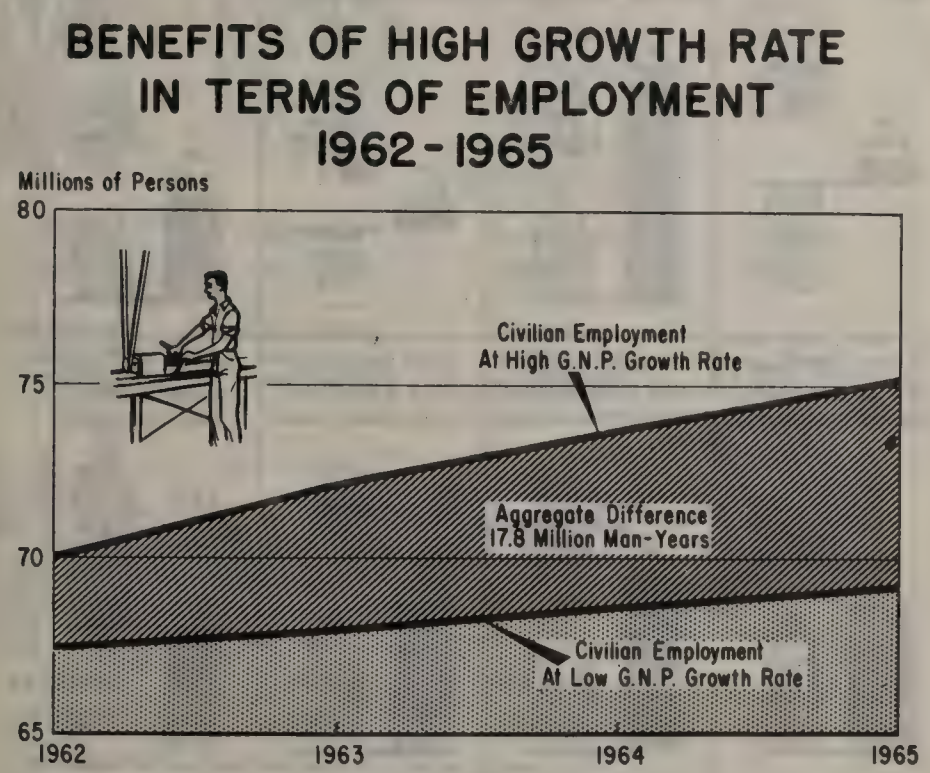
FEDERAL BUDGET HAS SHRUNK RELATIVE TO TOTAL OUTPUT AND NEEDS, 1954-1961

Fiscal Years

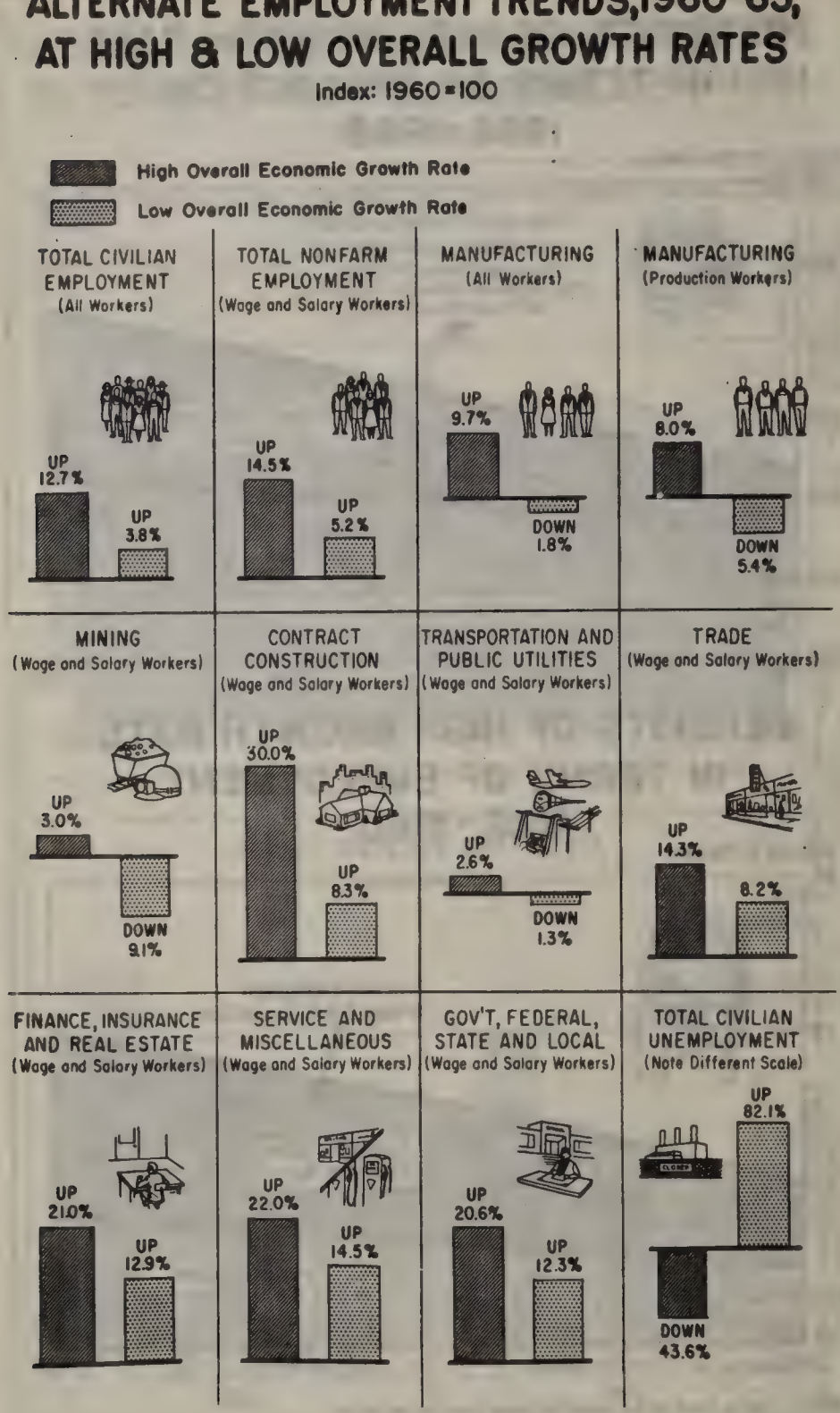








NOTE: 1961 is used as the projection base year for this chart.


ALTERNATE EMPLOYMENT TRENDS, 1960-'65, AT HIGH & LOW OVERALL GROWTH RATES
Index: 1960=100
High Overall Economic Growth Rate
Low Overall Economic Growth Rate
TOTAL CIVILIAN EMPLOYMENT (All Workers)
UP 12.7%
UP 3.8%
TOTAL NONFARM EMPLOYMENT (Wage and Salary Workers)
UP 14.5%
UP 5.2%
MANUFACTURING (All Workers)
UP 9.7%
DOWN 1.8%
MANUFACTURING (Production Workers)
UP 8.0%
DOWN 5.4%
MINING (Wage and Salary Workers)
UP 3.0%
DOWN 9.1%
CONTRACT CONSTRUCTION (Wage and Salary Workers)
UP 30.0%
UP 8.3%
TRANSPORTATION AND PUBLIC UTILITIES (Wage and Salary Workers)
UP 2.6%
DOWN 1.3%
TRADE (Wage and Salary Workers)
UP 14.3%
8.2%
FINANCE, INSURANCE AND REAL ESTATE (Wage and Salary Workers)
UP 21.0%
UP 12.9%
SERVICE AND MISCELLANEOUS (Wage and Salary Workers)
UP 22.0%
UP 14.5%
GOV'T, FEDERAL, STATE AND LOCAL (Wage and Salary Workers)
UP 20.6%
UP 12.3%
TOTAL CIVILIAN UNEMPLOYMENT (Note Different Scale)
UP 82.1%
DOWN 43.6%

DIFFERENCES IN RESULTS OF HIGH AND LOW ECONOMIC GROWTH RATES, 1962-1965

Bold Face - Difference in 1965; *Italics - Difference for four year period as a whole*
Dollar figures in 1960 dollars

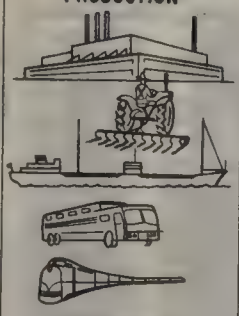
EMPLOYMENT 1/
(In millions of man-years)

6.0
17.8

UNEMPLOYMENT 1/
(In millions of man-years)

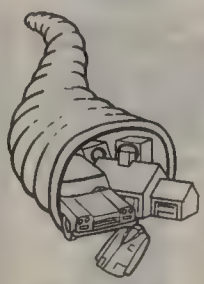
4.9
14.7

TOTAL PRODUCTION



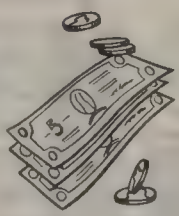
$103 Billion
$296 Billion

CONSUMER SPENDING



$63 Billion
$186 Billion

PERSONAL INCOME



$79 Billion
$229 Billion

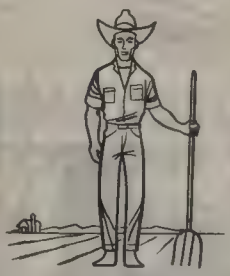
FAMILY INCOME
(Average)

$1,250
$3,700

WAGES and SALARIES

$53 Billion
$157 Billion

NET FARM INCOME

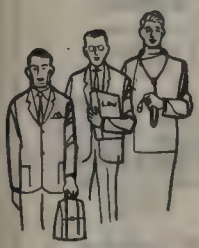


$13.5 Billion
$38 Billion

TRANSFER PAYMENTS

$11 Billion
$30 Billion

BUSINESS and PROFESSIONAL INCOME

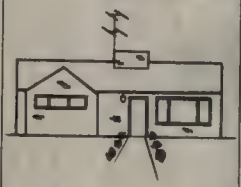


$5.3 Billion
$13 Billion

GROSS PRIVATE DOMESTIC INVESTMENT 2/

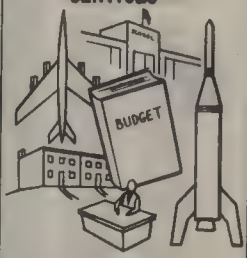
$25 Billion
$68 Billion

RESIDENTIAL NONFARM CONSTRUCTION



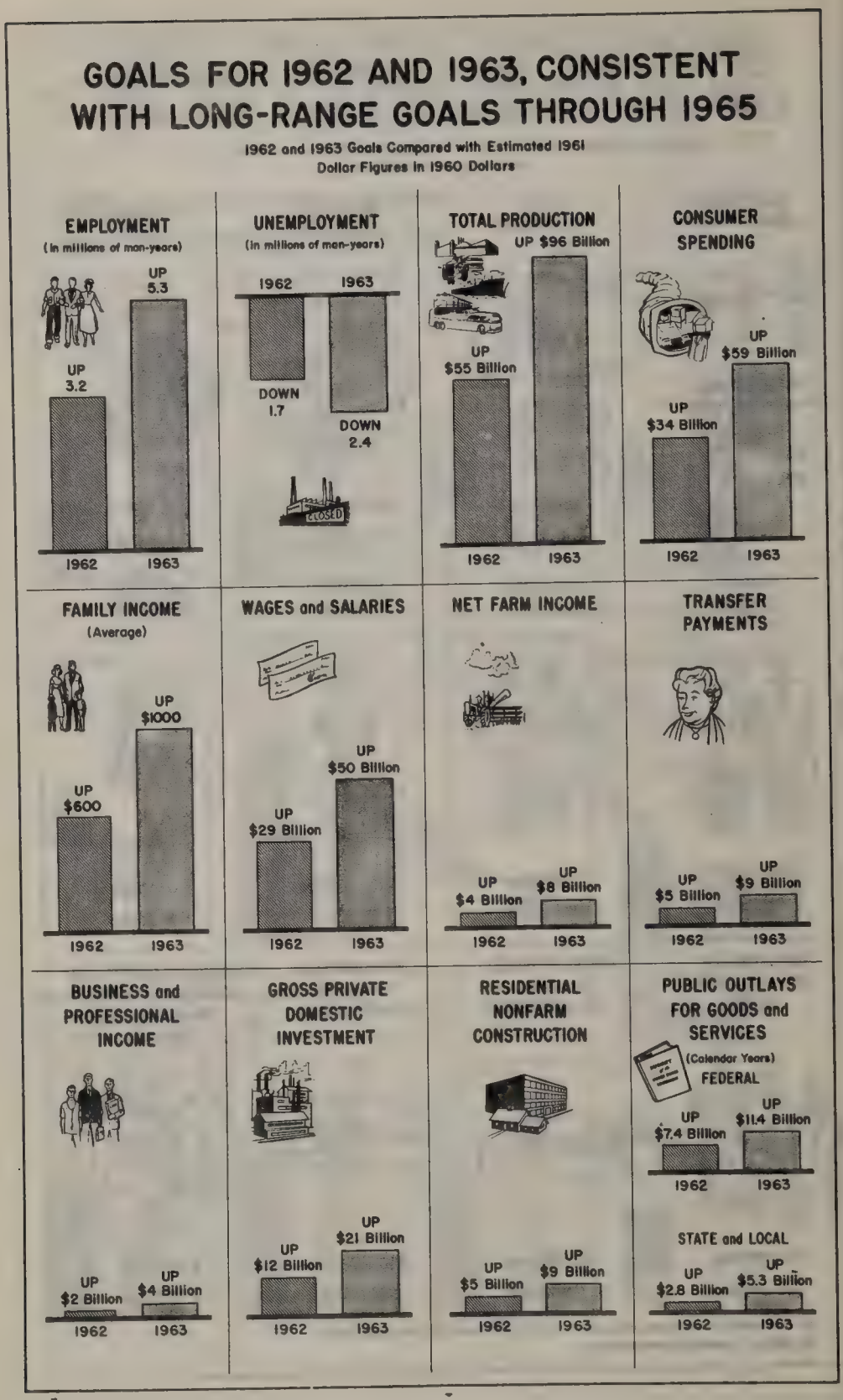
$10.5 Billion
$31 Billion

FEDERAL, STATE, AND LOCAL GOV'T OUTLAYS FOR GOODS AND SERVICES

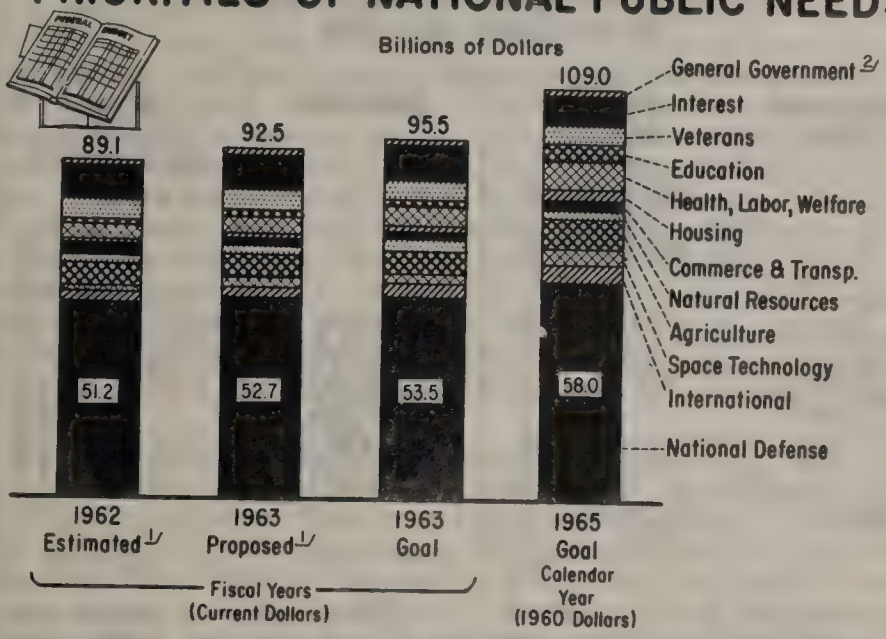


$15 Billion
$42 Billion

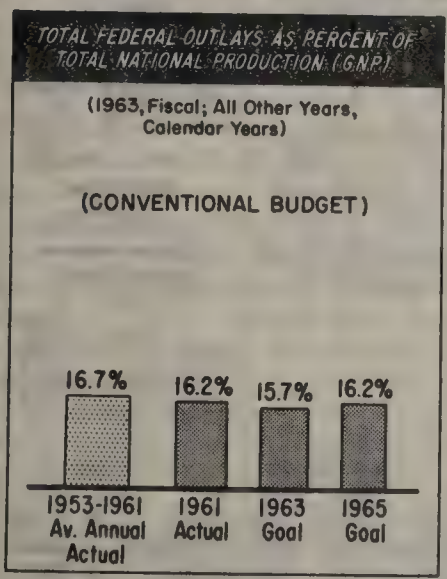
1/ High growth rate would draw more persons into the labor market than low growth rate.
2/ Including net exports of goods and services.

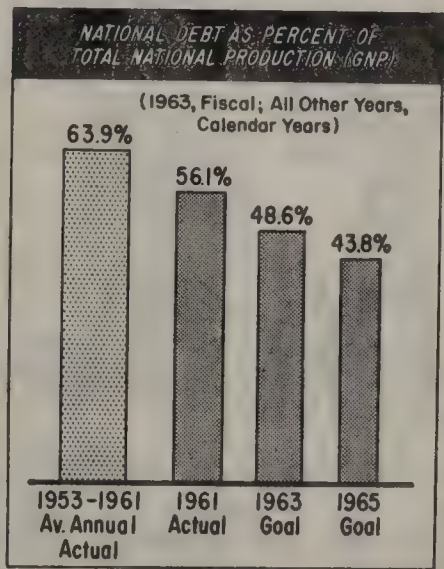

GOALS FOR 1962 AND 1963, CONSISTENT WITH LONG-RANGE GOALS THROUGH 1965
1962 and 1963 Goals Compared with Estimated 1961
Dollar Figures in 1960 Dollars
EMPLOYMENT
(in millions of man-years)
UP 3.2
UP 5.3
1962
1963
UNEMPLOYMENT
(in millions of man-years)
1962
1963
DOWN 1.7
DOWN 2.4
CLOSED
TOTAL PRODUCTION
UP $55 Billion
UP $96 Billion
1962
1963
CONSUMER SPENDING
UP $34 Billion
UP $59 Billion
1962
1963
FAMILY INCOME
(Average)
UP $600
UP $1000
1962
1963
WAGES and SALARIES
UP $29 Billion
UP $50 Billion
1962
1963
NET FARM INCOME
UP $4 Billion
UP $8 Billion
1962
1963
TRANSFER PAYMENTS
UP $5 Billion
UP $9 Billion
1962
1963
BUSINESS and PROFESSIONAL INCOME
UP $2 Billion
UP $4 Billion
1962
1963
GROSS PRIVATE DOMESTIC INVESTMENT
UP $12 Billion
UP $21 Billion
1962
1963
RESIDENTIAL NONFARM CONSTRUCTION
UP $5 Billion
UP $9 Billion
1962
1963
PUBLIC OUTLAYS FOR GOODS and SERVICES
(Calendar Years)
FEDERAL
UP $7.4 Billion
UP $11.4 Billion
1962
1963
STATE and LOCAL
UP $2.8 Billion
UP $5.3 Billion
1962
1963

TOWARD A FEDERAL BUDGET GEARED TO FULL ECONOMIC GROWTH AND THE GREAT PRIORITIES OF NATIONAL PUBLIC NEEDS



BURDEN OF FEDERAL OUTLAYS IN A FULLY GROWING ECONOMY WOULD BE LOWER THAN IN RECENT YEARS





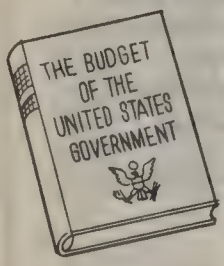
1/ Based upon Budget estimates as of January 18, 1962.
2/ Including pay and contingency adjustments and less interfund transactions.

WHAT WE CAN AFFORD AND NEED TO DO THROUGH THE FEDERAL BUDGET

1962 and 1963, Fiscal Years; 1965, Calendar Year

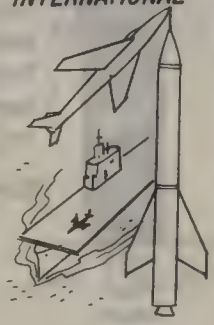
Per Capita Outlays in 1960 Dollars

TOTAL FEDERAL OUTLAYS



Year	% of Total Output	Per Capita
1962 1/	16.34	470.42
1963 Goal	15.73	492.22
1965 Goal	16.20	554.71

NATIONAL DEFENSE, SPACE TECHNOLOGY, AND ALL INTERNATIONAL

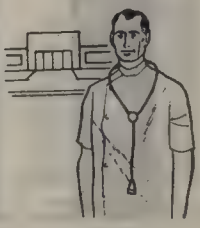


Year	% of Total Output	Per Capita
1962 1/	10.16	292.62
1963 Goal	9.78	306.15
1965 Goal	9.91	339.44

EDUCATION

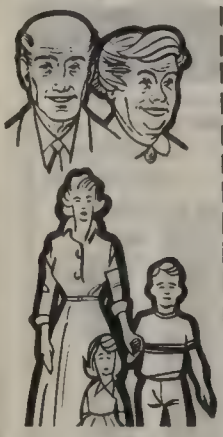
Year	% of Total Output	Per Capita
1962 1/	0.21	6.03
1963 Goal	0.30	9.28
1965 Goal	0.67	22.90

HEALTH SERVICES AND RESEARCH



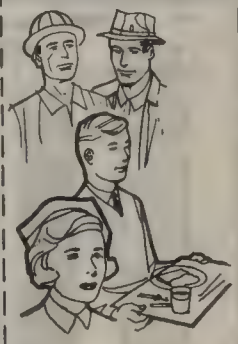
Year	% of Total Output	Per Capita
1962 1/	0.22	6.41
1963 Goal	0.30	9.28
1965 Goal	0.49	16.79

PUBLIC ASSISTANCE



Year	% of Total Output	Per Capita
1962 1/	0.47	13.59
1963 Goal	0.49	15.46
1965 Goal	0.52	17.81

LABOR AND MANPOWER, AND OTHER WELFARE SERVICES

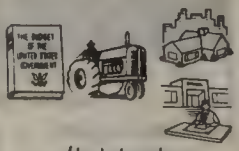


Year	% of Total Output	Per Capita
1962 1/	0.17	4.86
1963 Goal	0.16	5.15
1965 Goal	0.18	6.10

HOUSING AND COMMUNITY DEVELOPMENT

Year	% of Total Output	Per Capita
1962 1/	0.10	2.88
1963 Goal	0.18	5.67
1965 Goal	0.34	11.70

ALL DOMESTIC PROGRAMS AND SERVICES



(Includes also Agriculture; Natural Resources; Veterans; Commerce; Interest; General Government, etc.)

Year	% of Total Output	Per Capita
1962 1/	6.18	177.80
1963 Goal	5.95	186.07
1965 Goal	6.29	215.27

1/ Budget estimate as of January 18, 1962

Mr. BLATNIK. It will be followed by the charts, which I know will be most helpful to illustrate and graphically point out the pertinent points made in the statement.

Will you please proceed?

Mr. KEYSERLING. I have had a few central thoughts, Mr. Chairman and members of the committee, as I have been thinking about these three proposals before you. If I may be permitted one personal reference, I have been interested actively in this problem of public works as an attack on unemployment since before the first administration of Franklin D. Roosevelt. I was participating actively in the development of what was known as the first Employment Stabilization Act, which went back to near the beginning of the great depression. Thereafter, I participated in the development of the series of public works bills first introduced by Senators Wagner and La-Follette and others, and then incorporated in a title of the National Industrial Recovery Act. I have also been interested in the development of the American economy, which has gone through periods of peace and war, prosperity and depressions both large and small, and inflation, during the more than 30 years that I have been working in this field.

It does seem to me, in view of our enormous domestic responsibilities and the tremendous worldwide challenge, that we ought on the basis of all past experience—not mine, I am merely qualifying myself—but ours as a nation, and a people, we ought to ask ourselves one looming question: What have we learned? What have we learned about the nature of our economic problems? Do we realize that what was forward looking in 1933 may be backward looking in 1962? Do we realize that the pace of world events and of our domestic problems has moved forward in a way that requires us to judge ourselves, not by the dim and receding criteria of the past, but by the looming problems of the present and the future? I think we do.

Therefore, I will divide what I have to say into two parts: What can we learn from the economic situation of the years gone by, and what can we learn about the measures that we need to deal with economic situations.

First of all, I am going to make what may seem a rather strange statement. I do not think there has been any basic change in the American economic situation since we got out of the Korean war, and that is more than 9 years ago. If one thinks, in examining a patient, that if his pulse is too low one day, normal the next day, and too high the third day, and keeps on that way for 9 years, that there has been a fundamental change in his condition every day, then I am wrong. If one thinks that any wise doctor should say that he is normal, or at least in a satisfactory condition on the 1 day in 3 that his pulse is normal, then I am wrong. But what I have felt, and I have committed myself to this on the record, is that as soon as we got out of the Korean war, we emerged into a pattern of economic developments which thus far has remained essentially unchanged. This has been true despite changes in administrations. I think, before I get through, that it will become clear that I am not "political" in my views on this subject.

I said in 1953 that the American economy was entering upon what I called a long-term chronic retreat from maximum employment and

production. This simply meant that I was projecting that, as the economy moved upward and sideways and downward, with too fast a pulse one day, too slow a pulse the next day, and a so-called normal pulse in between, the economy would average in the long run far too low a rate of economic performance, and that therefore, as our productive powers are ever on the increase, the economy would accrue in the long run an ever-increasing amount of unemployed manpower and idle plant.

This, unfortunately, has been vindicated by experience. All the economists, all the Democrat and Republican analysts, if there be such, everybody has agreed as to this, that we have had a fairly regular pattern of short-lived booms, periods of stagnation, and periods of recession; that each recession has tended to find us with more unemployed manpower and idle plant than the previous one; that each recovery has tended to find us with more unused plant and manpower than the previous one; and that, in the long run, consequently, the peak of each boom finds us with more unused plant and manpower not only than during the last boom but also than during two or three recessions back.

This is a chronic problem.

The next question obviously is, Are we out of the woods today? I say we are not. I say that by the fundamental test of how far, within a given period of time, an economy which has been in a recession has moved upward toward that reasonably full use of its resources to which we are committed by every national and worldwide need, the fourth economic recovery since World War II has been the worst economic recovery since World War II. I will take only one simple illustration.

From the trough of the 1949 recession to 12 months thereafter, unemployment was reduced about 50 percent. From the trough of the 1961 recession to 12 months thereafter, which brings us about to now, unemployment was reduced about 12½ percent, or about one-fourth as much. And if I had the time, I could carry the comparisons over into idle plant and show the same kind of thing.

This does not mean that we have had a worsening of national economic policies. We have had an approximate stabilization of economic policies, but at the wrong level and to a degree pointed in the wrong direction. Therefore, we have failed, and we are still failing, to deal with the chronic problem. What of the future?

No man is really gifted to look into the future, but it is my firm belief, on the basis of the nature of the current recovery to date, on the basis of the progression of this chronic illness, that the 4 years from 1962 through 1965, inclusive, will witness, unless policies change drastically, a continuation of the chronic retreat, a continuation of a rising level of idle plant and manpower, a continuation of the so-called low economic growth-rate problem under which during the last 9 years we have averaged about 2½ percent annually when we should have been doing about 4 or 5, and I won't quibble about the exact figure. Consequently, if we have a true level of unemployment now of 8 percent of the civilian labor force, it may well be 50 percent higher by 1965 even if we do not happen to be in a recession in that particular year.

Why did I say 8 percent of the civilian labor force? You gentlemen have become accustomed momentarily to a 5.6 figure or something like that, representing the latest monthly figure. But that is full-time unemployment. It does not include the full-time equivalent of part-time unemployment. If a factory with 100,000 men puts them all on a half-week basis, it is the same as if they put 50,000 off for a full week. The 50,000 are counted as unemployed, the 100,000 working half time are not counted as unemployed. I say half-time employment of 100,000 is equivalent to 50,000 full-time unemployment. There is also the startling fact that since a year ago, although we have repeatedly been told that one of the main reasons for needing to create so many new jobs is the rapidly increasing growth in the labor force, which would result from the great number of young people born immediately after World War II, since a year ago there has been approximately no increase in the labor force. And when we subtract the 200,000 or 300,000 that have been drawn into the Armed Forces, somewhere there are about 750,000 lost people. I will tell you where they are. They are in exactly the same spot that I would be in if I were an 18-year-old in the city of Detroit. How hard would I be looking for a job in the automobile industry, if my older brother had just lost his job, and if my father at the age of 45 were trying desperately to hold on to his? The minute I stopped looking for a job, I would not be counted as unemployed.

Therefore, we have a concealed, a swept-under-the-rug, a submerged factor of unemployment in the United States, vividly demonstrated in the peculiar and extraordinary thing which is happening to the labor force figures. I am not saying the figures are wrong. I am not saying that the Labor Department does not have the right figures. It does have the right figures, subject to human fallibility, but the figures are revealing. When we add the full-time value of part-time unemployment, and take note also of this amazingly strange thing that is happening to the American labor force, and take note also of hundreds of thousands of workers on the farm who are not counted as unemployed because they are there but who are not really being utilized because plant capacity in agriculture so far outruns use, and take note of the fact that a factory which is operating at 60 or 70 percent of capacity involves vast underutilization of manpower, it becomes clear that we do not really have a 5.6-percent unemployment rate today. We have an 8-percent unemployment rate, and 5.6 would be bad enough.

I think that this problem is going to increase, for the reasons that I have given, over the years, unless we drastically reconsider the range of our economic policies.

What is the fundamental reason for this? The fundamental reason is simple to all those who are not willing to be baffled by the complex analysis of those economists who want to create a guild for themselves by pretending to be above comprehension by the average citizen. I do not say that you gentlemen are average citizens. You are far above that level in terms of your experience, and the faith which the American people have imposed in you. But there is nothing complex about this problem. When we have unemployed plant and manpower chronically rising in the long run, inexorably increasing over the years, it simply means that we have not learned how to use what we are able to produce.

We have not learned how to distribute, we have not learned how to translate into human progress and rising living standards the increased size of the labor force and the growth in technology, both proceeding at the same time.

When I hear talk about how our great problem is that productivity has not grown fast enough, technology has not grown fast enough, that we have to do this and that to give them special incentives, I ask myself what world I am living in. I am for technology and productivity. I am for their being used. Yet I know that the greatest incentive to productivity and to technology is not tax concessions, not a so-called favorable climate, but that old demand on the part of the buyer, which shows the prudent businessman looking ahead that he is going to have something to do with what he produces. The actual rate of productivity increase in the United States in a technological sense has been very much higher than the figures reveal.

I say this because it marks the size and nature of the problem before us.

Take the steel industry. I am not at this moment going to criticize the steel industry. How do you measure productivity in the steel industry? You measure it by dividing the amount of output by the number of hours worked. But if the plants are running at 50 to 70 percent of capacity, which has been the average over the past few years, and if three-quarters of the labor force are employed, because you do not want to disemploy people quite as fast as you slow down operations, you divide the 75 percent into the 50 to 70 percent, and you get a productivity figure which is low.

This has nothing to do with technology. This is merely economic slack. The technological change, the automation change in the steel industry, in agriculture, in the oil industry, in the automobile industry, almost everywhere, is proceeding at a raging speed. And this is one of the reasons, if I may say so, why my estimates of how much unemployment we were going to accrue in the long run from the low growth rate have turned out to be so nearly correct, simply because I was willing to look at facts that are not hard to find and not hard to interpret.

What is our problem in the years ahead? Our problem is to reverse this course. And the reversal of this course depends upon a balanced increase in utilization, a balanced increase in demand—I do not care about the semantics of it, I do not care whether you call it demand or purchasing power, I do not care what you call it—an increase in our ability to use a technology that we cannot bury, a labor force that we cannot bury, a technology and a labor force that we do not want to bury, because we have a great worldwide competition with nations that under slavery or under freedom are using these resources fully. This is the essence of our competitive problem overseas, rather than the balance-of-trade problem. The essence of the problem is that, since they are growing at twice the rate we are, and holding unemployment down to 1 percent or 2 percent of the labor force whereas we are at 6 to 8 percent, they have a competitive advantage in terms of real wealth and productivity. This is the real problem confronting us. The flight of capital from the United States is just a manifestation of this. You cannot cure it by programs which, in the effort to solve the balance-of-payments problem, are doing the things that are inter-

fering with the growth problem and the employment problem, which are the essence of all real economic competition.

Since we need to increase this total demand, I will give you the magnitudes. We have, over the last 9 years, lost about $340 billion in national production and had about 22½ million man-years of unnecessary unemployment. The production figure you cannot check because this is a judgmental estimate. What I say about the manpower, you can check. Just compare the unemployment with the frictional or minimal rate. There is a difference of 22½ million. We have lost this because the total demand was deficient by the $340-odd billion that I mentioned. This deficient demand divided into the three parts of the economy. We have not had enough private consumption; we have not had enough public consumption for the Nation's needs; and we have not had enough private investment in just proportion.

As they have gotten out of balance, as we have gotten what the economist calls lack of equilibrium in the economy, the economy has turned downward. We have had recessions and stagnations.

What is the size of the problem in the future?

The size of the problem is that, to get the ecoonmic growth rate between now and1965 that we need, first to restore and then to maintain reasonably full employment and production, we need over the 4-year period 1962–65 about $200 billion more of total national production, which means total national demand, and about 18 million more man-years of employment, than what would result from a repetition of the low growth rate which I see in the cards if we do not change our policies. To state it in another way, what we have to lose or what we have to gain by the difference between reactivating the economy fully and letting it lumber along the way it has been is the difference of 18½ million man-years of employment over the next 4 years, superimposed upon the 22½ million man-years of excess unemployment over the last nine years, and $200 billion of lost production, superimposed upon the $340 billion lost during the past 9 years. Since you gentlemen are particularly interested in how we are going to meet what we call our national needs, through the Federal Budget and taxation, we have lost at existing tax rate, Federal, State, and local, $95 billion in tax collections, due to the low performance of the economy since 1953.

If that much more had been collected, it would not have been taken out of the pockets of the people. It would have been taken out of the increased national product which would have resulted from full employment and full production.

In other words, of the $340 billion of additional production, $95 billion of it would have flowed to Federal, State, and local governments, to be translated either into debt reduction or tax reduction or public programs.

In other words, you cannot squeeze blood out of a turnip. The whole budgetary problem, the whole tax problem, is an aspect of this problem of national wealth; the wealth of nations, in other words.

Over the next 4 years we stand to lose $65 billion of tax revenues if the low growth rate continues, so our problem is to increase total demand. How do you increase it?

You do not increase it just by public works. You do not increase it just by private spending. You do not increase it just by business

investment. You increase it by the whole complex of national economic policies that make up the fabric of a successful or unsuccessful economic policy. They are all interrelated.

It is not enough to take one step forward and one backward. You cannot have a successful tax policy with an unsuccessful money policy. You cannot have a successful program of spending for public works unless you have some view of the relative priorities of our national needs in terms of the kinds of public works and in terms of other kinds of spending.

Also, since my fundamental appraisal is that there has been no basic change in the economic situation since 1953, a mere countercyclical program, a mere emergency program, a mere in futuro program, would be basically in error.

We are not in a "new" situation at the moment, any more than a man whose head bobs up in troubled water, for the reasons I have given you. We must not assume the need is later rather than now. The need is now. We should not rely on random, improvised projects, which no amount of planning will avoid. They are done ultimately for an emergency reason on the basis of emergency action. We should have learned this much from experience.

I want to say, and I should have said at the beginning, that if this committee were prepared to consider nothing different and nothing further, I would urge most vigorously upon you the immediate enactment of the President's $600 million proposal, and the immediate enactment of some combination—and I will say a little bit about the relative merits—of the so-called coordination bill and the standby bill proposed by the President.

I say this to make it so crystal clear that nobody will misunderstand anything that I say, that if the only alternative is between setting these measures aside and acting on them, I am for acting on them, because with all their blemishes, their merits far outweight these blemishes because of the economic situation now, if we measure them against doing nothing. Having made this clear, let me try to indicate what we might consider which would represent further improvements.

I certainly want to express my admiration for President Kennedy, and the courage and vigor which he has displayed, in offering the $600 million proposal; even though we know he is so committed to a balanced Federal budget in fiscal year 1963. This takes courage and it takes vision. I certainly want to express my admiration of the current acting chairman of this committee, a long-time friend of mine—I hope this testimony won't disturb it—and of the other members of the committee on both sides of the aisle, and the other Members of the Congress, who I can perceive are trying to help to awaken the slumbering American giant to the nature of the problem confronting it and the need to do something about it. I am for these measures if we cannot do something better.

What could we do better?

It really breaks down into two phases: The spending phase, and the planning phase. Now, of course, they are interrelated. There is no use planning if you do not spend, and there is no use spending if you do not plan, but they are two separable things for the purposes of discussion.

Taking first the planning phase, and this applies primarily to the coordination bill and to the President's standby proposal, I would

say that the trouble I find with these measures is that, while they provide for planning, they provide for planning within too narrow a range, for the reasons I have earlier given.

You cannot plan the type of public works that are within the ambit of these bills intelligently, without considering what the Nation ought to be doing about other types of capital improvements—housing, education, schools, health services, health facilities, some of which in my judgment are more urgent capital improvements from a long-range viewpoint, at least in terms of magnitudes, than some of those which would be within the ambit of these bills.

Second, for the reasons I have given really, you cannot consider the problem of the stepping up or stepping down of public works outlays effectively, without a thorough integration of this with your tax policy and your money policy and your social security policy and your housing policy and the other major aspects of your national economic policies as they are involved.

Therefore, what we really need is an acceptance in practice and not merely in word of the Employment Act of 1946, which visualized exactly this kind of operation, that the President of the United States and the Council of Economic Advisers working with him, and the departments of Government working with them, in consulation with the functioning groups in our economy, would develop long-range needed levels of employment, production, and purchasing power, and evaluate Government programs related to them.

In other words, they should budget, not in the totalitarian sense, not in the sense of having the Government get into the private economy, but should budget, in the sense of applying the same rational principles, the same rationalizing principles, to the Government's economic programs that the Budget Bureau tries to apply to the Government's spending programs. But you cannot have a rationalization of the Federal budget without having a rationalization of economic policy, because the Federal budget is an aspect, or should be an aspect, of economic policy.

I am perfectly willing to say "mea culpa." I was once on the Council of Economic Advisers. Considering that that act was passed 16 years ago, there has been no President, there has been no council, there has not been adequately a committee of the Congress, although I think the Congressional Joint Economic Committee has moved much further in this direction than the executive branch, that has acted fully in recognition that the act identified a method of dealing with just the problem that you gentlemen fundamentally are trying to deal with here—how do we put these things together, and how do we time them, and how do we relate them one to another?

Incidentally, this relates also to the manner of turning off and turning on. I think despite our wisest efforts we may have to turn some things off and turn some things on. But this should not be the first basic approach. Such an approach would go back to our thinking in the early thirties or in the twenties. What America needs is not a countercyclical program, but a proprosperity program, and the way we ought to be ordering our public works and our capital improvements and our tax policies, naturally through legislation, is on a long-range basis, related to objectives for sustained full employment and full production.

How would this apply specifically to capital improvements? Here is how it would apply. We would estimate as a nation, based upon the size of our labor force, the rate at which it is growing, the number of jobs needed, the trends in technology—this is an estimating process but all life is, everything you gentlemen do is an estimating process—what is the full employment potential of the American economy for 5 years ahead? What part of that potential as a sober nation and a sober people do we want to put into the great priorities of our national needs, which are represented by national defense, by capital improvements, by education, by health, by housing, by the more conventional types of public works, et cetera?

Then on a 5- or 10-year basis, we would project ahead, and commence to implement this level of spending for these purposes.

This level would rise gradually, because a growing nation with a growing population and a greater productive power needs more of these things. It needs more of them because there are more people, and it can afford more of them on a per capita basis. So you would rationalize these activities, of course subject to reevaluation and change, related to the needs of the economy.

Some people may say, "Suppose you happen not to get full employment and production?" Well this would, in that event, be the most effective way of using publicly financed capital improvements as stabilizers, because automatically, if your national effort fell 20 percent below the full employment quotient, which is happening now, your projected level of allocations to these great public purposes would automatically rise as a proportion of your total national production and therefore would exercise a stabilizing effect.

You might have to lift them some more if the situation got worse. I do not think you could be infallible.

Our long-range tax policy is very closely related to the same thing. We ought to have a long-range tax policy which says: "Here is a tax policy which at reasonably full employment of our resources will balance the budget and provide a surplus, with proper considerations for equity and for economic equilibrium." We should put a long-range tax policy on that basis. If we had inflation, if we had hyperuse of our resources, this policy would automatically accumulate more of a surplus and be anti-inflationary. If we had a substantial falloff in our national economic activity, we would automatically get a deficit, thus we would be building into the structure on a long-range basis more and more elements of stability, and we would be getting further away from, I think, the substantially unworkably idea that anybody is going to know enough or agree enough to push the switch on and push the switch off every time you think you are getting into the dark and kidding yourself half the time you are in the light when you are really in the dark, which is the current situation.

Therefore, I would recommend—and pardon the hardness of my language, I have enjoyed the one futility since I have been in Washington of saying what I think; it may be of some public value—I think the long-range planning endeavor should represent some combination of these two worthy bills, the standby capital bill, the one the President recommended, and the one introduced by the very able chairman, some combination of them, which would make them a succinct, true, planning statute geared toward the improved rationalization of our

national economic policies, possibly with primary concentration upon public works, but I should think at least broadened to the other types of capital improvements which do not now fall within these bills. I cannot see a distinction between so-called public works and housing and urban transport; we heard a message on transport today. It is a wonderful message in many ways. Yet it is another example of emergency action, not tied together internally, much less tied together with what we are spending for other purposes, what the competing needs are, and whether it all fits together. It is like saying the city of New York is too big to have a traffic system, it is too hard to have a traffic system in a big city, therefore, let's try one only in a little city. Our national problems have become so big that we have to have a traffic system.

I would suggest that this planning statute go beyond the ambit of what is now proposed and broaden out, maybe by way of amendment to the Employment Act, to requiring that under that act there be forged by the President, with the help of the Council of Economic Advisers, with the implication of other designated agencies, if you please, or with the setting up of another agency—I do not care too much about the diagrams; I have seen all kinds of diagrams—there be forged the kind of rationalized planning of public works and related matters, tied in with the whole economy, and therefore providing a long-range, sustainable program of capital improvements geared, not to what we can afford when we are in a recession, not to the kind of boondoggling that we think we might need to do then, not geared to what we can do when we are in inflation, but what in the long run we need to do as a nation which would help to protect against both excess and which incidentally would get us out of the preposterous dilemma of asserting that when we have a lot of unemployment, and a lot of idle resources, and therefore the Nation is worst off, we should have more education and more schools and more of the other things we need than we have when we are prosperous.

In other words, this is like saying that, when we are prosperous, we should neglect these things, and that if we ever solved the problem and became prosperous forever, we would have no more need for education, health, housing, or the other things which are the only things for which public works money should be spent anyway, if you are going to rationalize the human need on the one side with the outlay on the other.

This is my suggestion for getting a more rationalized planning of public works activities. It does not involve so much deviation from either Congressman Blatnik's bill or the standby bill as one would think if one thinks about the planning aspect of it. It takes time to plan.

Make the screen broader.

Coming now to the spending part, in my view this part does not belong in the planning bill at all, because you should not be spending and planning as a single operation. You should plan to develop policies to guide spending. The spending part of it should be in the so-called emergency bill, which should not be an emergency bill at all, because in my humble view, there is no emergency in that sense. There is an "emergency" that started in 1953—the "emergency" of our constant and growing chronic departure from maximum employ-

ment and production, which has shown no signs of turning in recent years, no signs of turning in recent months. The real significance of the developments of the last year is that they confirm and strengthen the chronic nature of the problem and show that we are in worse shape than we thought we were, because if we can reduce this unemployment problem over the period of a year only one-fourth as much as it was reduced after the first recession after World War II, and incidentally, in each succeeding recession we fell back further, this has been a progression of what the new technology and automation are doing to us, and this has only begun to be unleashed.

Therefore I am talking about why we should spend now. How are we going to increase demand? How are we going to increase utilizations? There are various ways. One way which some people like and some people do not like is to increase public spending through the Federal budget, and run a deficit. The current official program is to run a $4 billion surplus in the cash budget. This is antiexpansionary. It does not meet the problem that we are going to stumble into a big deficit. I know we are: So did the Eisenhower administration. But stumbling into a deficit in consequence of a bad budgetary policy does not produce the same results as a planned budgetary policy based on reason.

I would rather stumble into a surplus by having the right policy in the beginning.

Second, you can expand the economy by a liberal money policy and lower interest rates. We are moving in the opposite direction. I won't document this in detail.

Third, you can expand the economy by a rapid and realistic expansion, both on economic and human grounds, of the social security system, under which now live 18 to 20 million people on a pittance relative to our real resources and real productive capabilities.

We know the size of what we are doing in that area, relative to the need.

You can expand the private economy by changes in real wages. I am not going into that thorny question in detail.

I do know there has been recently set in process a continuation of what, despite much propaganda to the contrary, has been happening during the past years since 1956 at least, and this will surprise you, but check the figures just for once—wage rate increases in our mass production industries have lagged far behind productivity gains. They are lagging further behind now.

Under the impulse of what I believe to be a misreading of the economic situation, we are generating and projecting into the adjustment process over the next few years the same kind of imbalances, the same kind of deficiencies in demand, budgetwise, moneywise, social securitywise, wagewise, farm incomewise.

Now, different people, with different political philosophies, with different economic approaches, may want to solve the problem with more emphasis on one approach than the other.

Some may say, let's expand the private economy more, others may say, let us expand the public economy, let's expand the social security program more, or housing or public works. This again demonstrates the interrelationship of these things. We are now now trying to expand any of them, in relation to the size of the problem. This is

the reason for my dismal forecast. This is why I say an immediate spending program, such as is embodied in the $600 million proposal, with certain changes, which I will recommend logically with my approach, cannot carry us into error because we cannot afford to wait entirely until the Government agencies develop some new planning process in the future, even if we start it now.

We need to do something immediately, because the situation is not improving in a true sense. It is getting worse, realistically.

We need an immediate spending program, and if this spending program is kept within reasonable bounds, it will fall well within the confines of the minimum amounts that we know can be usefully devoted to the more or less conventional kind of works projects, so we are not taking any risk on that side, if it is kept within reasonable bounds. Further, as we go along, we would be able to apply continuously a corrective to this initial program in the form of the kind of improved planning that I am talking about as an improvement to the standby bill and coordination bill before the committee.

What do I respectfully suggest as the content of this immediate measure to deal with spending as against the other one I have already talked about which deals with planning? First of all, I should think it should be more than $600 million, because $600 million over a period of a year and a half is an absolute bagatelle related to the size of the problem. I won't elaborate that. It is a bagatelle if you measure it against the production gap the Chairman of the Council of Economic Advisers talks about, against the unemployment rates, against other economic trends.

I think it should be bigger. I personally recommend that the $2 billion figure contained in the other bills be put into the $600 million bill; in other words, that it be made not standby but immediate, because I hate to see a great Nation talking about "standby" when we are in deep trouble now. What are we going to do when we get into the next recession?

I will say that the bill introduced by Congressman Blatnik, as I understand it, avoids this particular error. It has one definite merit over the President's proposal, as I understand it, in that it fixes a particular level of unemployment rather than whether unemployment is rising as the trigger for action. I honestly, with due respect, don't see much rationality, if we admit unemployment is far too high now, if we admit it is being reduced far too slowly, if we admit it is going to start going up sometime in the future before it gets low enough, in other words, if we admit we have a chronic problem, it does not seem to me natural for a great Nation, which has put before the public in glowing words its commitment to a full employment policy in view of the worldwide challenge and the economic growth problem, to wait until the next recession to start to do then what it needs to do now. Therefore, I think, in addition to increasing the amount of what I call the spending bill, it should be put on an immediate basis rather than a standby basis, and I think, instead of depending upon whether unemployment is rising or falling, the real question probably is whether unemployment is too high.

Now, if it is too high but just a tiny bit too high, or if it promises to be all right in a couple of months, maybe that is an exception, and therefore I suggest this: Instead of talking about some kind of meas-

ure that you are going to use, when you have the next recession, in other words, when we have the fifth recession since World War II, and instead of talking about a measure to be used when unemployment is 5 percent of the labor force, write into the bill, I respectfully suggest, that it is to be used when unemployment is more than 4 percent, or preferably more than 3½ percent, of the civilian labor force.

This would provide a reasonable margin between the criteria for action and what we regard as full employment, say unemployment about 3 percent of the labor force, and thus would avoid a safeguard against the possibility that we might be moving into an inflationary area by having this thing operate when we were too close to full employment.

I cannot see the merit of a bill to improve the unemployment situation that is not operative when that situation is very bad, simply because it does not happen at the minute to be getting very much worse. You would not fight a battle that way. You press your advantage. You would act when there is danger.

Third, I do not think the bill should be limited to less than 1,000 localities, the so-called distressed areas and the areas with so-called unsatisfactory unemployment. Why don't I think so? The President in his letter to this committee on the 26th of March, which is not long ago, said that, in these less than a thousand areas, unemployment was 33 percent higher than in the rest of the country, and that these areas had 38 percent of the population.

Let's do a little simple mathematics. If unemployment was 33 percent higher in these areas, then unemployment averaged only 25 percent lower in all the rest of the country. I say that, when your unemployment in all the rest of the country is only 25 percent below what it is designated to be, in these particular distressed areas, it is mighty high, and much too high. The variant between the rate of unemployment in the part of the country where one-third of the population is, and in the part of the country where the other two-thirds of the population is, when both levels are much too high, is not enough to justify a selective program. Therefore, I respectfully suggest that the enlarged measure be made operative immediately and applicable to the Nation generally. If some factor of political genuflection or real judgment, and it may be either, prompts you to tag a portion of the total amount for the one-third of the country involved in these thousand or less areas, that may be a desirable thing to do.

If we are thinking in terms of a rationalized long-range capital expenditure program, and one that serves national priorities as well as reduces unemployment, we want to think about the nature of the projects from that point of view.

Therefore, I think that the limitations having to do with speed of completion are tremendously wasteful, and serve no useful purpose, unless we still want to kid ourselves as a Nation into believing that this problem will be over a year from now. There is no more likelihood that this problem will be over a year from now than there is I will be chairman of this committee a week from now.

The problem won't be over a year from now, and, depending on the thrust of the new technology, the problem may be worse a year from now.

To show how confused we are about some aspects of this problem—but let's compare the training and retraining bill which the Congress

passed earlier at this session, and I commend you for doing so, with the message supporting the $600 million proposition. The training and retraining bill was passed on the theory that there are jobs waiting for people who need to be retrained. The $600 million request is asked for on the ground, basically, and I want to be fair in my description of it, that because unemployment is so much higher in the construction industry than elsewhere, this has the added advantage that you don't have to train people because they are already trained. Which is our national philosophy? Which is our basic approach to this problem? That there are jobs waiting for people to be trained, or that there are trained people waiting for jobs, which, incidentally, would train them if they had the jobs? I submit that the second situation is the basic one.

Basically and unquestionably, and I think you will see it more when you study these charts, we face a universal, generalized problem of technology. The high unemployment in the construction industry is not because technology has been moving very fast there. With the way technology and automation are moving in the steel industry, and in the auto and many other industries, we will have a whopper of an unemployment problem in those industries, increasing year by year, compared with which the unemployment in the construction industry will be much smaller.

The only way to solve this is to make planned projections of your relative technological trends and your relative skills needed, and your relative labor force opportunities, related to the kind of long-term improvements that really fit the needs of the people.

On this basis, I would quickly arrive at the conclusion that the greatest single key to this is a tremendously advanced urban redevelopment and housing program, probably doubling the level of effort over the next few years.

I would say that a second main key is a properly thought-out system of improvements in mass transportation, particularly in urban and suburban areas. I would say public works fit within this. Certainly, they do not take priority over it.

The problem of a sound training program and a sound spending program and a sound capital development program related to the long-range needs of the Nation, all fit into my suggestion for broad long-range planning. This you will not find now sufficiently in the Department of Labor, the Commerce Department, the Agriculture Department, or the Council of Economic Advisers. You will not find this kind of comprehensive examination of how these problems really fit together, how the programs really fit together what we need to do.

Then, when Republicans and Democrats evaluate proposals on the basis of differences, if any, in the basic economic approaches, political philosophies, they would at least be able on a concrete basis to know why they are doing what they are doing. They would not constantly be asked to act upon a ball pulled out of a bag, and not knowing what else is in the bag or why the ball came out.

I suggest that the spending bill be made larger; second, be made immediate; third, be amplified as to the range of projects covered; fourth, not be limited to special localities. Then you would have an immediate expansion of demand for useful projects, integrated with the immediate need for the alleviation of nationwide unemployment,

with special emphasis upon designated areas if you want to allocate part of the funds for this purpose.

Second, you would be moving forward with this spending program in a heartening atmosphere of knowing that gradually, through another piece of legislation or the same piece, to be acted upon immediately there would be set in process a planning effort on a somewhat broader basis than the other two bills now before you. This would gradually give us the reasonable hope that, when we talk about this problem a year or 2 years from now or 5 years from now, we will not still be talking about whether we need more works in time of recession than in time of prosperity, which kinds are good for the country, which kinds are most wasteful. We need a long-range purposeful economic program, because we are up against a long-range and purposeful adversary.

We have learned enough to do something better in the 1960's than to revive some ideas which I fought for and thought were extremely valid and extremely useful in the early thirties. We did not know enough then to do better. I submit we know enough now to do better. If there is any time when we can afford to take the time to do better, it is when, although the situation is still severe, we happen to be on the upturn side. If you cannot, when you are on the upturn side, take the time to rationalize, you are not going to do it while you are on the downturn side. Therefore, if we appraise this situation correctly, I think we come out with a rather sharp division between the problem of spending and the problem of planning, and that we can apply to each of them a consideration of the principle which I brought forward, and which I think would make a great step forward in building upon the foundations of the great work which the chairman of this committee and the President and others have done in bringing this immensely important problem to the attention of the American people.

I thank you very much for your attention, and hope that my charts and my full testimony will fill in the quantitative details I have expressed here verbally.

Mr. BLATNIK. You have us all steamed up with the tremendous amount of ground you have covered and the scope and the depth. I wonder if we could have a run through the charts, so that maybe the oral testimony you have given us could be clinched.

Mr. SCHWENGEL. Would it fit our purpose better to ask Mr. Keyserling some questions at this point in order to bring out some questions that have been raised in my mind as a result of his very able presentation of his point of view? I want to say I have been one that agrees often with your philosophy, but I do not always agree with you, however. I respect people who are willing to give serious consideration to this, and I think you have. I think it might serve us better to let us have the opportunity to cross-examine this very able witness.

Mr. BLATNIK. I thought perhaps the charts would help.

Mr. SCHERER. I do not want to cross-examine him. I do not know enough.

Mr. BALDWIN. Mr. Chairman, the charts are not in the prepared statement. So the only——

Mr. KEYSERLING. Excuse me. The charts are in the prepared statement in the sense that they are referred to in the prepared statement

and I have prints of them which I asked permission to insert in the record along with the prepared statement.

Mr. BALDWIN. Most of us do not really study the supplements to the record until after the hearings are printed, which means after we vote and act on the bill. If we ought to see the charts, we had better see them right now. I would be in favor of taking a look at the charts while Mr. Keyserling is here, so I would support the chairman's recommendation.

Mr. BLATNIK. Could we do that and then go through the interrogation?

Mr. KEYSERLING. Whatever you say. In view of what I have said, I can cover these charts in 5 minutes or so.

Mr. BLATNIK. Do that, please, and it will be most helpful.

Mr. KEYSERLING. All of these charts, I understand, will be found immediately following my prepared testimony, appearing at the start of my testimony. This first chart clearly shows, in uniform dollars, growth rates in the American economy averaging 2½ percent from 1953 to 1961. In comparison with other periods, the 40-year average is 3.6 percent. So that the average during the past 9 years has been about 30 percent below the 40-year average. On top of that, the 40-year average is not very relevant, in view of the new technology and automation. We did 4.6 percent, contrasted with 2½, from 1922 to 1929, which was peacetime. We did 4.8 percent between 1947 and 1953, which was a mixed period of peace and limited war, in the overall not too dissimilar to the high defense-oriented economy of today.

In other words, what this chart shows is that our growth rate since the end of the Korean war has been only about half what we would need to do now to maintain reasonably full use of our resources.

The second chart shows why this problem is not new, and why what we have now is not basically different from times past. This shows, from year to year, how we have gone up and down in this pattern of short-lived booms, here is a recession, a short-lived boom, here is a stagnation, here is another recession, here is a short-lived boom, here is a stagnation, here is another recession in 1960-61.

The next chart, which deals with unemployment, shows how, in the long run, since your ups and downs have been moving along a 2½ percent growth line instead of a 4½ or 5 percent growth line, you gradually accrued more unemployed manpower. This is full-time unemployment reported by the census. The blue part is full-time equivalent of part-time unemployment. I take no account of underutilization, or the amazingly slow growth in the labor force during the last year. I have the various periods classified. This is a boom-recession year in 1953, this is a recession year in 1954, this is a boom year in 1955. What it shows is the tendency of each boom year to be shorter-lived and to move toward higher levels of unused resources than in the previous boom period. The recession periods likewise.

Moving to the next chart, I want to emphasize particularly the nationwide nature of this problem, which has a bearing upon the idea that we frequently hear that this unemployment is a structural problem or a hard core problem, and people say, how do we have this paradox of hard core unemployment when we have such a fine recovery? The simple answer is that this is not a fine recovery, and it is not hard

core unemployment. We have the high unemployment because this amount of recovery measured against the moving away from the full employment trend line for 9 years will give you this amount of unemployment. I projected it 8 years ago. It has nothing to do with hard core. It is a chronic problem.

Sometimes we ought to remember that a man may have a type of illness, if his pulse is too low one day and too high the next day, a wise doctor may be just as concerned when he finds it too high as when it is too low and may not say it is "improving." It must be looked at in the content of long-term development.

This shows that, basically, the unemployment is not structural, it is not hard core, it is not special. Here is the total unemployed for 1961, with 16 percent in wholesale and retail trade. How long ago since the economists were telling us we did not have to worry because all the people who are going to be unemployed because of the technological trend in manufacturing would get jobs in the soft goods industries? They said we did not have to worry.

A little before that, they were telling us that all the people who ought to be leaving the farm could get jobs in manufacturing, so we did not have to worry. Let me tell you this technological thing is moving everywhere, on the farm, in the factory, and in the offices, too. Pretty soon the offices are going to be more automated than the factories.

Here you have 16½ percent unemployment in wholesale and retail trade, 17 percent in durable goods, not much difference actually between the two. You have 14 percent in the service industries. We all heard that the service industries were going to absorb all these people.

You have 11 percent in construction, actually not one of the highest. Here is nondurable goods, transport, public utilities. It is low in agriculture. Why? Because most of the people unemployed in agriculture are on the farm and are not counted as unemployed. They are just there with not enough to do. I do not mean they are not working hard, but I mean there is not a product need for them. They are underemployed rather than unemployed. The unemployment figure is low. It is a tremendous waste of manpower.

Let us move on to the next chart. These are some other aspects of the unemployment problem. These are nonagricultural employment trends. Coming down here, this shows, comparing 1947–53 with 1953–60, in order to get a long enough period of years, both with recession in them, the amazing difference in growth of employment between those two periods. For example, the total wage and salary workers between 1947 and 1953, and 1953 was a recession year—I am not taking an arbitrary end year, 1953 was just as much a recession year as 1960—1947–53 your total wage and salary employment went up 14 percent. Your total salary and wage employment 1953–60 went up only 6½ percent, less than half as much, with a faster growing labor force.

This is all the way through. In manufacturing it went up 12.7 percent, as contrasted with going down 5.2 percent, showing the perfectly fantastic technological changes in manufacturing.

In mining it went down in both periods, as we all know. Contract construction, 32 percent up in the first period—and, mind you,

1947–53 is only 6 years, and 1953–60 is 7 years. So this is a little longer period of time, these are not annual averages but over the whole period. Whereas, in the 6 years contract construction went up 32, and in these 7 later years only went up 5. And so all the way across. With employment growing slowly too, unemployment rises with the growing labor force, and this translates to an unemployment rate trend for agriculture and all others showing how much faster the unemployment rate trends have been from 1953–60 than from 1947–53. This shows the impact of technological progress on the unemployment trend.

This long red line is the unemployment trend in manufacturing as a percentage of national product. Then it is shown as a percentage of industrial production. In other words, this yellow line represents the declining ratio of manufacturing employment to manufacturing production. The other lines show it for production workers.

Just looking at it broadly, these lines sweeping down show the decrease in employment per unit of product turned out by those employed people, which is the striking manifestation of the rate of technological change.

The next chart gives my whole estimate, over the years, of how this $350 billion short fall in total demand and 22.5 million man-years of total employment has been made up of the components of the economy, one part is the private consumption, another part here is business investment, and another part is Government outlays. The great bulk of the deficiency has been in private consumption. That is the kind of economy we are. Some of the deficiency has been in public outlays, which have been too small. I happen to think the deficiency of business investment has been a byproduct of the other two deficiencies. In other words, it resulted because you did not have the demand to call forth the higher level of business investment. Funds were there, profits were there, during the boom periods. In every boom period—I could show this more in detail, this is relevant to the tax bonanza—in every boom period, the prices and profits and private investment raced forward about four times as fast as ultimate demand and, therefore, you got tremendous overcapacity, and then they cut back very, very sharply, being prudent businessmen, and this cutback, combined with the deficiency in ultimate demand, produced the stagnation and recession.

Then some people look backward, and average the ups and downs of business investment, and say that the average over the whole period was not too high and, therefore, you need to stimulate it. That is just like the man who eats and drinks too much, then goes to the hospital, where he is put on a starvation diet, then you take the average of what he ate and drank before he went to the hospital and what he ate and drank while in the hospital, and you say that the average is too low and that, therefore, he should start eating and drinking more after he gets out than he did before he went in. There is a little fallacy in that logic somewhere.

There is the same fallacy in this 8-percent tax bonanza. The American economy generates enough funds and incentives, including retained earnings, to take care of investment if the buyer is there, and if the buyer is not there, no amount of tax bonanza is going to take care of investment.

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In any event, whether you agree with me or not on this, policies have to be coordinated. In other words, your works program, your tax program, your money program, your education program—how are we going to decide, as a great nation, over the next 5 years how much the Federal Government ought to put into capital improvements of the public works type, as against how much it should put into aid to education or roads or aid to hospitals, et cetera, airports, transportation, national defense for that matter? It is all one ball of wax. It is no answer to say it is too difficult. If it is difficult to put it together, it is certainly dangerous to leave it apart. That is all I am talking about when I say that these sporadic, off-and-on, day-and-night, in-and-out programs, one day a $500 million transportation program, the next day $200 million this, the next day a $300 million that, everybody in the country feels you are doing something, this is not good enough for me.

This chart shows the difference in the results between the high and low growth rate program over the years ahead. I will not go into that in detail, except to show you how it works out. The difference of employment opportunities is about 18 million man-years over the period 1962–65. The difference in 1965 alone is about 6 million. In other words, I estimate that, if we repeat that poor economic performance, as I think we will unless we get into the ball game, we will have about 6 million more, this is full-time unemployment, in 1965 than we would have with the high growth rate.

Allowing for frictional unemployment of about 3 million, measured against the labor force, add the 6 million to frictional unemployment, I get 8 or 9 million full-time unemployed by 1965, not taking account of the full-time equivalent of part-time unemployment or the suppression in growth of labor force which results from lack of job opportunities. This chart also shows, for all the other sectors of the economy, just what the stakes in the game are.

This chart is specifically on the basis of employment and unemployment rates. For example, in manufacturing, employment goes up only about 10 percent over a 4-year period, if you have a high growth rate. With a low growth rate, it will go down. If you had the right kind of planning, what would you quickly discover? You would quickly discover that the technological change in automobiles, steel, and some other industries, is so great that, even if you had—also in railroads—even if you had a maximum rate of overall economic growth, you are still not going to have much more employment in those industries. But you are not going to have as much unemployment in those industries as you would have with the low growth rate.

The real point is that with the high growth rate, the disemployment in those industries will be manageable in other industries, because they will be employing a lot more people. If you have the low growth rate, the technological advanced industries will be disemploying a tremendous number of people, and you will not have the other industries expanding rapidly enough. Therefore, the real question, instead of just talking generally about training people—I am not looking for a job, but if I were made head of this retraining business, I would not know where to go to train whom for what. If I wanted to go to Detroit, I would not know exactly what to train the 200,000 or 300,000 people who have been unemployed in Michigan for years. For the

steel industry? For the service industries? To be teachers? You always have a retraining problem. There are some people to retrain.

What I am getting at is that, if you have a nationwide realistic program of creating jobs and creating a full-blown economic environment, the training problem, the maladjustment problem of individual workers, is reduced to manageable proportions.

We learned during World War II that boys could come off the farm who had never done more than push a plow. How long did it take them to train to be steelworkers? How long did it take to train young boys to run airplanes, which is a pretty complicated proposition? We should put up a sign to this effect: You talk about people not having jobs because they are untrained. How many are untrained because they do not have jobs? The most horrible plight in many cities is the number of young people who are going out of school, going on the streets, becoming delinquents because they never have a chance to be trained. All the social agencies and all the coordinating agencies cannot train them, because there is nothing to train them for. This is a basic nationwide problem.

We should start out now—the Government should start out now, and the Government has to do this—start out now in terms of its own programs to say, where is the technology most rampant, where is the greatest amount of unemployment occurring, where do we want to put these people to work—not just in terms of the kind of projects that will give the work fastest, though that is important, too, but in terms of relative national utility of the projects themselves because, after all, the ultimate purpose of jobs is products for the consumer.

If we made this kind of examination, we would soon conclude that towering above all the other methods of equating job opportunities with the national priorities of need is this problem of our citizens, our cities, our suburban areas, and the housing that goes with them. Therefore, we would be planning and preparing and projecting, private and public—I am not talking just about public or mainly about public—we would be projecting a housing program of proper dimensions. We hear about the automobile industry, what it did in the twenties. Where is the new industry of the sixties? Here it is. Who is talking about it? Who is thinking of it?

If it is not housing, it is something else, but it is something. A program of public works, lest you think I am against this program of public works, a program of public works larger, I mean this 600 million thing is peanuts for a year and a half, a program of public works at the $2 billion figure which I suggest putting into the immediate legislation rather than a standby legislation would form a normal minimum complement, on a long-range basis, to these other things I am talking about, regardless of the size of the housing program or the education program.

So it would be a safe and prudent step to going ahead with this known aspect of the problem even while we are setting up the planning operation to deal with the other aspects of the problem. I want to make it perfectly clear that I am for moving ahead on this front, on a bigger scale than is being proposed on a more immediate basis, on a more generalized basis, because of the nature of the economic situation. We should not throw to the dogs all that is not fit for the gods. Then, we should start an immediate planning operation, which

would help projects to be improved over the years, not on a false thesis that the problem will disappear a year from now, or that a year from now we will not need public works, or that in these areas we will not need them in connection with the unemployment problem. We will be able gradually to improve the program in terms of broader perspectives, and we will have these broader perspectives in motion, so we will be able to take account more effectively of the wider range of our economic problems without which any public works program, however effective, is a mere shot in the dark.

Mr. BLATNIK. Mr. Keyserling, you certainly have impressed us. We thank you for a very informative, stimulating, and perhaps even provocative statement, a sober statement, which will give us a lot to consider in trying to come to a more accurate and realistic understanding of the sector, the rather limited sector of public works and capital improvements, the part they can play and ought to play in the overall economic situation as it now confronts us with the trends that are now in progress. Are there any questions from my colleagues on my right? On my left?

Mr. SCHERER. Mr. Keyserling, you said at the outset of your remarks this morning that this problem which you discussed was not as complex as some economists make it and that there was a comparatively simple explanation.

Do I gather from what you said that we have an excess of perhaps consumer goods due to automation and other factors in this country and that the real key to the solution of the unemployment problem or to the reduction of unemployment is to create the demand for these consumer goods?

Mr. KEYSERLING. We do not for long——

Mr. SCHERER. Is that what you said?

Mr. KEYSERLING. Not exactly. We do not for long have an excess of goods exept in agriculture, where the farmer cannot turn off his production. We do not for long have an excess of goods, because when productive capacity at full use exceeds effective demand, the factories turn off the lights and turn off the workers and create an excess or "surplus" of manpower and plant. The production adjusts to the demand. Even during the depression it was that way.

Now, this may be similar to what you are saying. I say that the effective market demand of the economy as a whole, which would go into rising living standards, into the removal of poverty, into needed public services, the effective market demand breaks down into two parts, what I call private consumption expenditures by American families, and what I have coined the phrase to describe as public consumption, such as a publicly supported school, whether Federal, State, or local. A family sends a child to a private school, that is private consumption; to a public school, public consumption. Both are consumption, not production.

Mr. SCHERER. Would you mind an interruption?

Mr. KEYSERLING. Not at all.

Mr. SCHERER. Do I understand you to say if that private consumption was high enough at all times, then we would not have this unemployment problem?

Mr. KEYSERLING. If total consumption was high enough, that is right, but it would have to be private and public because, manifestly,

there are some kinds of needs you do not meet privately. In other words, without getting into the school controversy, I do not want all the children in America to go to private schools, I want some of them to go to public schools.

Mr. SCHERER. Does the reduction of unit prices increase markets or consumption?

Mr. KEYSERLING. It certainly does. In that connection, despite the widespread propaganda to the contrary, some of which unfortunately is being embodied in some programs of this administration, in my judgment, we have had in those very mass production industries where there has been so much clamor about inflation, a constant spread between prices and wage cost. In answering your question, if you analyze this, take the steel industry, for example, I commend to you all a book which has just come out by Gardiner Means. He is objective with no ax to grind. It is the most minute examination of some of these big mass production industries, especially steel, that I have ever seen. Anybody who reads it will be impressed with it.

What does it show? It shows what the people who have studied the problem really know, that far from wage costs in steel industries forcing up prices, the prices have advanced so far ahead of the per unit costs, including wage costs, that the break-even point in the industry is about 40 percent. We all know what a break-even point of 40 percent means. It means that, taking the relationship of your prices to costs, you can break even at 40 percent operations.

In other words, your net profit per unit is so high, taking account of the spread between price and costs, that you break even at 40 percent.

This is one of our biggest problems. This is why I am worried, when an industry which breaks even at 40 percent, has convinced the public, and apparently even convinced the administration, that its prices have been forced up by wage rate changes. Therefore I am very much afraid, not speaking just of that industry, that what we are going to get in this country over the next few years is not enough expansion of that part of consumer purchasing power which comes from proper wage changes along with productivity, to meet that part of the consumption demand that matches the rising productivity.

This is in one sense a very conservative viewpoint. Those who hold the philosophy that they want a large and increasing part of demand to come from private rather than public outlays, must ask themselves the question, "Where are you going to get this expansion of private outlays?"

Mr. SCHERER. I read some time ago that, as an example, that every time you reduce the price of a refrigerator $25 that means so many more families were able to buy a refrigerator. If you reduce the price of a house $1,000 that creates a bigger market.

Mr. KEYSERLING. Without verifying the particular figure, this is broadly true. Let me say this: I shudder for the future of my country, when I read some of the things that responsible officials are saying about this international economic problem. When I read about how the American market is saturated, and therefore we are going to sell refrigerators and automobiles and steel and all kind of things in France and England and goodness knows where—don't misunderstand

me, I am for this trade program; I think it is a great step forward. But is the American market saturated?

Mr. SCHERER. That is what I was trying to point out, that actually the American market is not saturated; that there is a terrific demand if you get the unit price lowered.

Mr. KEYSERLING. The greatest underdeveloped market in the world for America is in America. I am publishing a study about a week from now, which you will all get copies of, which shows that 77 million Americans still live in what I call poverty or deprivation. You may redefine the terms a little bit. Everybody does not have the same figures, but I use about the same figures adjusted for price change that responsible authorities were using 30 years ago, when I was working on a study of the same subject when I was teaching at Columbia. I will tell you broadly what my figures are.

I would say a multiple-person family now in the United States, in most areas, is living in poverty if its income is less than $4,000 a year. Try it. Anyhow, I come up with a figure of about 38 million Americans living in poverty. Another 39 million live in deprivation, above poverty but below comfort. The average American family income in the United States today, the average, which has nothing to do with the distribution for the multiple-person family is only something like $7,000. That is not a saturation point for the American people. I get so sick when I hear these college professors who get $15,000 a year, plus their consultative emoluments, and some have an income of $30,000 a year—I do not criticize this—talking about the affluent American society, when less than 8 percent of American families today have incomes above $15,000 a year. There is an almost limitless unsaturated market in the United States, and it extends, of course, to public services. We do not have enough schools, enough public improvements.

We can get some larger markets overseas. I am for this new trade program. The very maximum that you could project, if the trade program were passed, if it worked perfectly, you might get a maximum projection of maybe a $2 or $3 billion net increase in our international trade position per year over the next 5 years, and that is optimum. That is desirable. But to talk about that $2 or $3 billion a year in juxtaposition to a $550 billion American economy which is suffering from a $50 billion domestic production gap, and which needs to lift the domestic demand of the American people by scores of billions a year to get back to full employment, to bring this foreign trade proposal to the center of the stage as a basic cure for the American economic problem, makes me unhappy. This is not talking against the trade program. I am for the trade program.

Mr. SCHERER. What you are saying is that in this country the actual demand for consumer goods is unlimited?

Mr. KEYSERLING. Not literally unlimited.

Mr. SCHERER. Almost?

Mr. KEYSERLING. It is almost unlimited, in a practical sense.

Mr. SCHERER. Am I correctc in saying that we inrease the demand and markets as we lower unit prices of commodities?

Mr. KEYSERLING. That is one way of doing it. I am not a panacea man. That is why I am for the kind of planning I am talking about.

There is not one panacea. Henry George had a panacea of the single tax. He was wrong.

Mr. SCHERER. I can only think of one at one time.

Mr. KEYSERLING. If you said you could straighten out everything by price reduction——

Mr. SCHERER. I do not say "straighten out." That is one of the major factors. If this tie cost me $2.50 instead of $5 I might have three ties instead of one.

Mr. KEYSERLING. Yes. The factors that national economic policy has to deal with are also important.

Let me illustrate: If the basic pragmatic observation shows you that investment in producer facilities has been lagging behind demand, and that therefore you have the kind of inflation which comes from too much demand relative to productive power, then you would naturally want to shift your tax system so as to give more incentives to investment and less incentives to consumption. If on the other hand, a pragmatic examination of the situation shows, as I submit it has recurrently over the last 9 years, that your investment in productive facilities has outrun effective demand, then you would want to vary your tax system progressively on the side of helping the consumer, which I think is what we should do now.

This applies to money policy, it applies to works policy, it applies to housing, it applies to everything. Therefore, unless you have this unifying perspective, this unifying perspective of why we are doing what we are doing, we cannot make very good judgment as to what to do.

I am the last one to say—I think I have had a little practical experience in 30 years—I am the last one to say that until we get this beautiful improvement that Keyserling is talking about, we should not do anything because he has shown us we may be wrong.

We always may be wrong. There are some things we have to do now, because we cannot wait to do anything until we improve our tools. We have to do both at the same time. That is why I think it is absolutely consistent to talk about the need for an immediate expansion of public outlays for useful works projects, even while saying, "Let's move on the other front at the same time and improve our planning methodology."

Mr. BALDWIN. Mr. Chaiman.

Mr. BLATNIK. Mr. Baldwin.

Mr. BALDWIN. I want to congratulate Dr. Keyserling for this very challenging presentation he has made. I would like to ask, Mr. Chairman, when the hearings are printed I trust we will be able to have the reproduction of these charts put in those printed hearings?

Mr. BLATNIK. Yes. That is in order. We will have available for the staff copies of the charts. They will be included. It has been so ordered already.

Mr. BALDWIN. Thank you.

Mr. BLATNIK. Are there further comments or questions? If not, Mr. Keyserling, we are deeply indebted to you. We appreciate the special effort and the time you have given for the convenience and for the assistance of the committee in consideration of this legislation.

Mr. SCHERER. One thing I have learned is that economists disagree almost as much as we lawyers do.

Mr. BLATNIK. I have a series of statements which we will have put in the record at this point. You may read them if you so desire. They are from Senators and House Members.

Mr. BALDWIN. I make a motion that any statements by House Members or Senators you may have received be inserted.

Mr. BLATNIK. We have a letter from the steelworkers, a letter from the Governor of Tennessee, and the National Society of Professional Engineers. Let the record show Congressman Dingell would have been here. His mother is seriously ill.

(The statements previously referred to follow:)

TESTIMONY OF GOV. BUFORD ELLINGTON OF TENNESSEE

Mr. Chairman and members of the committee: I appreciate this opportunity to comment on the proposal to enable the President to take quick and effective action to stimulate the economy through acceleration of public works under circumstances set forth in H.R. 10317.

The effect of widespread unemployment on our economy has been noted in other testimony before this committee. Widespread and continuing unemployment is a personal tragedy to those able and willing to work, but who cannot find jobs. Widespread and continuing unemployment in turn spreads like a disease through the economic structure causing widening waves of unemployment of a secondary nature due to lack of purchasing power, loss of markets, and a blunting of private capital investment processes. Finally, and not to be overlooked, is the impact on government, not only through increased load to prevent suffering, but also through lost tax revenues. Thereby, the means by which government itself can operate and meet the needs of people are seriously weakened.

Government at the State and local level is sufficiently pressed for funds of a noncapital nature—operating expenditures for schools, welfare, protecting the public health, and advancing the day-to-day operations of government generally. It is often hard to supply both these daily needs and make major capital expenditures in public works. There has, undoubtedly, developed quite a backlog in need for capital expenditure, both in terms of new plant and extensions and in terms of deferred maintenance and replacement of obsolete or obsolescent public works.

In my own State of Tennessee, there are 62 communities without sewage disposal plants and needing facilities of this kind. Of these, 24 presently have no sewage collector system and, therefore, would need to start from scratch as far as construction is concerned. Of these 62 communities, 9 have plans sufficiently advanced so that they could be under construction within 3 months. An additional 40 probably could be under construction within 6 months and the remainder could be under construction within 1 year. The usual construction period for installations of this kind would run from 9 months to 12 months, depending somewhat on the season of the year in which construction would be undertaken. In the aggregate, the public works backlog represented by the particular category is in the neighborhood of $30 million in Tennessee.

It is impossible to present an equally detailed figure on municipal water systems at this time. Careful estimates by qualified engineering personnel suggest a backlog of around $45 million. This would include items such as the needed expansions of water treatment plants, extension of distribution mains, enlargement or replacement of obsolescent items, and related work.

In the field of streets and roads, there is a backlog of need whose extent depends only on which definition or standard is chosen as a means of measurement. Much of Tennessee's urban growth has taken place since the Great Depression and since WPA and PWA assistance in bettering local public works. As a consequence, much of the network of streets and suburban roads (other than major thoroughfares assisted with State or Federal funds) has come into being against a backdrop of rising costs and pyramiding demands on the local governments. Despite Tennessee's sharing with the counties and municipalities of its gasoline tax collections, many of the streets and roads—perhaps 2,000 miles of them—are in need of resurfacing, widening, supplying with curbs and gutters, or similar work. Much of this work could be undertaken in short order, especially since it could be quickly organized in the form of many locally sponsored projects.

In our public schools, we have a need of approximately 3,000 classrooms to meet currently overcrowded conditions and to replace substandard facilities. Further, it has been estimated that we can anticipate a net increase of some 100,000 students in grades 1 through 12 in Tennessee during this decade.

These are indicative of identified or identifiable, sound, worthwhile public works which are needed and which could be undertaken in Tennessee in short order if the circumstances arose. Also, we have official planning agencies in more than 150 municipalities and counties across the State, all of which are in touch with our State planning agency and through this vehicle local public works proposals could be quickly reviewed, soundly replanned, if necessary, and so carried out as to contribute to the development of the community rather than be in conflict with any other official plans or projects.

The safeguards written in H.R. 10317 pertaining to predicating capital-improvement acceleration on national unemployment data should allay the fears of those apprehensive lest the President make unwise use of such powers. The limitations on duration of the capital improvement acceleration period would bring the matter of extension back to the legislative branch for decision—an arrangement fully compatible with our tradition of checks and balances. The provisions in the bill for emergency assistance to non-Federal agencies in assuming their share of such capital improvements programs would appear to fit all or most situations which might arise.

Finally, the proposed program could, in the event of an emergency, dovetail nicely with existing programs in achieving desirable objectives. In some of the most depressed areas, ARA, for example, is able to give certain assistance in the way of extending utilities and certain other categories of assistance in the locating of industries which mean jobs in the locality. In communities with minimal public works at present, substantial capital improvements need to be made which are not and were not intended to be aided through the ARA program. In such communities, if the Standby Capital Improvements Act were ever evoked, it could be of especial benefit in aiding and accelerating the broader program of local public works.

The enactment of H.R. 10317 would greatly benefit the 42 depressed areas of Tennessee. These areas are currently eligible for the ARA program, and would also be eligible for the proposed capital-improvements program. This legislation along with the ARA program would do much to spur the economic recovery of the depressed areas, the State of Tennessee, and the Nation.

CITY OF DETROIT,
April 6, 1962.

Hon CHARLES A. BUCKLEY,
Public Works Committee,
House of Representatives, Washington, D.C.

DEAR SIR: Herewith transmitting to you the following resolution unanimously adopted by the common council of the city of Detroit, on April 3, 1962, supporting proposed Federal legislation for a public works program:

(By Councilman Connor)

Whereas President Kennedy has recommended to the Congress enactment of an emergency public works program to be used for the alleviation of unemployment in areas showing consistently higher unemployment than the national average; and

Whereas the Congress has under consideration legislation directed to this same problem, particularly the Blatnik bill; and

Whereas the unemployment problem is one of the most important, if not the most important problem facing the city of Detroit and the State of Michigan as shown by our high percentage which has consistently averaged approximately twice the national figures; Now, therefore, be it

Resolved, That this common council goes on record favoring enactment of the President's program and this type of emergency public works program, and that copies of this resolution be sent to the Public Works Committee of the House of Representatives and to the members of the Michigan congressional delegation.

Adopted as follows:

Yeas—Councilmen Brickley, Patrick, Ravitz, Rogell, Van Antwerp, Wierzbicki, and President Pro Tempore Connor—7.

Nays—None.

Respectfully yours,

THOMAS D. LEADBETTER, *City Clerk.*

NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS,
Washington, D.C., April 3, 1962.

Hon. JOHN A. BLATNIK,
U.S. House of Representatives, Washington, D.C.

DEAR MR. BLATNIK: This will supplement our letter of March 15, 1962, in which we advised you that the appropriate committee of our society would shortly review the pending legislation on the Public Works Coordination and Acceleration Act (H.R. 10317).

After careful review, it is our conclusion that while the society does have an interest in certain features of the pending legislation we are not in a position to express any opinion on the basic question posed in the legislation regarding the acceleration of public works to meet slumps in the economic position of the country. This is primarily a question, in our opinion, for consideration by those more experienced and competent in such fields as economics and national public policy.

However, we would like to comment for the record on two aspects of the pending legislation as follows:

(1) If there is to be an expansion of public works activity by the Federal Government, we believe it is of vital importance that there be a proper organization for coordination and supervision of these programs in the interest of keeping the President, Congress, and other interested persons informed. Therefore, we would recommend whatever steps may be required to provide that coordination and supervision, and would further recommend that the advice and counsel of qualified professional engineers be utilized in this function. This comment particularly is pertinent to your bill, H.R. 10113, which would establish the Office of Public Works Coordination and Acceleration to encourage the coordination of planning policies for the construction of public works in the United States.

(2) We would recommend that the existing public works programs, or any additional public works programs which may be approved, have the benefit of qualified professional engineering skills necessary to accomplish the advance planning which would avoid crash programs resulting in wasteful expenditure of public funds. This comment is pertinent to section 13 of your bill amending the present advance planning law under the Housing Act of 1954 and section 10 of H.R. 10317, by Mr. Buckley, which would remove the present $58 million limitation on the total of advances of public works planning.

We respectfully request that this letter be incorporated in the record of the hearings. If we may supply any additional comment or information to assist the committee, we would be pleased to be of service.

Very truly yours,

PAUL H. ROBBINS, P.E.,
Executive Director.

STATEMENT OF DAVID J. MCDONALD, PRESIDENT, UNITED STEELWORKERS OF AMERICA

I would like to express my appreciation for the opportunity to present our views on this most important issue of emergency public works. It is our feeling that Presidential authority to act quickly and effectively in initiating and speeding up public works will make a significant contribution in aiding the Federal Government to live up to its moral, as well as legal obligations, to "promote maximum employment, production, and purchasing power." I would also like to add that it is particularly gratifying to appear before you on a measure such as this, for in public works we have a countercyclical device with an impact on jobs and purchasing power that does not wait for "filter up" or "filter down" economic effects. Public works does not treat just the symptoms of unemployment. It provides jobs as well as purchasing power and, as a very important coproduct, we get the improvements so badly needed in our Nation's stock of of public capital.

Thus, we have here a measure that provides jobs, not doles. We have a measure that will provide much needed additions and improvements to community facilities—this is certainly not a makework, leaf-raking scheme. This legislation will not encroach upon States' "rights" for it is up to the State and local bodies to plan, schedule, and initiate their own programs—it provides assistance without infringing.

We of the United Steelworkers of America are in the unenviable position of being able to attest first hand to the suffering and degradation brought about

by unemployment. The Steelworkers, perhaps more than any other worker group in our country, have felt the traumas of economic recession. Whenever our economy softens we are among the first to feel it; a disproportionately large number of our workers are affected by it; and we are among the last to know that an upturn exists. Underlying all this we find that due to rapid technological change and its concomitant increased productivity, each economic downturn leaves us with a permanent scar since many of the temporarily laid-off find that their jobs have been permanently lost.

I would like to submit the following table which I believe clearly illustrates this point, as well as our concern for appropriate measures. This table lists the turning point dates (both high and low) of each of our business cycles following the Korean war. For each of these dates we have shown the number of production workers employed in the basic steel industry. The difference between the number of jobs from high point of the cycle to the recession low indicate the number of jobs lost during the downswing. The decline in number of employees from cycle high to the next high shows the number of jobs permanently lost.

Basic steel job experience during business cycles

Cycle dates		Number of jobs—		Jobs lost high to low		Jobs permanently lost high to high (thousands)
High	Low	At "high" (thousands)	At "low" (thousands)	Thousands	Percent	
7-53	8-54	632.8	535.1	97.7	15	
7-57	4-58	605.1	466.5	138.6	23	27.7
5-60	1-61	565.8	437.5	128.3	23	39.3
1-62 [1]		[1] 507.2				50.3
Total						[2] 117.3

[1] Latest available data.
[2] Or 18.5 percent.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Summing up the table, we see that at the peak of the first post-Korean business cycle, average production worker employment in the basic steel industry was at 632,800. At the bottom of this cycle, only 535,100 jobs remained, representing a loss of 15 percent. During the ensuing pickup, of the 97,700 jobs lost, only 70,000 were picked up, resulting in a permanent loss of 27,700 jobs. The same was true in the last two cycles, only more so. And, over the entire period we in the industry experienced a permanent loss of 117,300 production worker jobs, or 18.5 percent of the 1953 work force.

For all manufacturing, from July 1953 to January 1962, there was a permanent job loss of 1.97 million, or 14 percent, as compared to basic steel's 18.5 percent. During the 1960–61 downturn, total manufacturing production worker employment fell by 9 percent, as compared to the 23-percent drop experienced in basic steel.

Thankfully, due to the economic policies of the present administration, the upturn from the 1960–61 recession is continuing and production and profits have reached new peaks. Unfortunately, although improving, the unemployment figures do not indicate a vigorous upturn. During the 1948–53 business cycle, unemployment averaged 4.1 percent of the labor force. It was 4.3 percent from 1953 to 1957 and grew to an average of 5.6 percent during the 1957–60 cycle. Thus, the postwar experience has shown a continually growing trend toward increased unemployment regardless of where we are in terms of production and profits. Although it is too early to tell what will happen when our current cycle peaks, indications are that this trend may not continue. However, most experts feel that unemployment will still not get below 5.5 percent for any significant period in the near future, let alone down to the 4-percent level that the administration considers as an appropriate target.

We of the United Steelworkers, and I am sure that I can speak for the entire labor movement on this matter, have long emphasized the need for adequate measures to stem this tide, to generate the economic growth necessary for improved living standards and to compensate for the rapid increases we have been experiencing in our Nation's productivity and population growth. If the demand for our Nation's goods and services does not keep pace with our

potential to produce, and it has not, the growing gap between output potential and consumer demand means more idle capacity, unemployment, and general economic waste.

We have viewed with a great deal of satisfaction this administration's willingness to cope with the weaknesses it inherited in our economy from the previous administration. We have seen a broadening of minimum wage coverage for the first time since 1938; there has been a more enlightened approach to monetary policy and debt management; action has been taken in the fields of housing, urban renewal, and Government procurement; and we have also witnessed the passage of such forward-looking bills as the Area Redevelopment Act and manpower development and training. All these measures will serve to underpin our economy and contribute significantly to the growth that is so badly needed, thereby damping and hopefully reversing this trend to ever-growing levels of unemployment.

But, as we all know, a problem still exists. At this time of unprecedented levels of production and profits, 4.5 million workers are still unemployed. Unfortunately, these workers are ill prepared to wait for trends and basic underpinnings to have their impact. They depend on each week's pay check for the necessities of life. They can boast little or no savings and they possess little in the way of valuable property which can assist them in time of need.

The job before us is twofold. We must build into our economy the programs needed to create and sustain adequate economic growth through measures such as improved unemployment compensation, income tax reform, a dynamic Federal monetary and fiscal policy that encourages, rather than aborts, economic growth, and so forth. But, our present, and I repeat "present" economic conditions cry out for more. Our economy can now boast many built-in stabilizers that do much in the way of mitigating economic downturns. However, if we are to improve our tools for dealing with recessions, measures are also needed that can be effective immediately as conditions warrant, and curtailed when no longer necessary.

Two such measures have been proposed by this administration. One would grant the President standby authority to temporarily reduce income taxes, and the second is the public works bills we are discussing today, H.R. 10318 and H.R. 10113.

These public works bills would "enable the President to take quick and effective action to stimulate the economy * * *." Both, however, in the form in which they now appear are geared to fighting the next recession. We cannot deny the importance of this, and it is certainly practical to repair the roof while the sun is shining. Unfortunately, the cliche does not really apply since the sun is not shining for 4.5 million people. We do wish to go on record as being wholeheartedly in support of the basic principles incorporated in both these bills. It is, however, our profound hope that this committee will see fit to report out a bill that will do something about starting public works right away, to deal with present problems, as well as setting up the machinery for weathering the storms of future recessions.

President Kennedy, in his letter of March 26 to both the Senate and House Public Works Committees, has recognized this current need by suggesting an amendment providing for a $600 million expenditure for public works over the next 2 years. Although we are gratified that the administration has so expressed its awareness to the problems of today, stretching such a limited amount of money over a 2-year period will not do enough to provide the stimulus the economy needs. In order to have maximum impact, we propose that this expenditure be made over a period not exceeding 12 months.

But what of public works in themselves? Despite our country's ability to produce and its vast riches, we have not been meeting our human, public service needs. As a result of population growth, industrial expansion, and the continuous shift to city and suburban living, our public facilities have been pressed far beyond capacity. We have found, especially since the end of World War II, that our public service needs have grown at a much faster rate than our economy generally. One need only mention, in this connection, the growing problems of the Nation's urban areas including transportation, parking, slums, and school shortages.

We are all aware of the congestion in our schools. By 1970 new enrollments in elementary and secondary schools are expected to be 25 percent greater than in 1960, almost double that of 1950. This is not to mention the need for facilities

for higher education. Increased leisure time and higher living standards have created a pressing need for expanded recreational facilities. We are rapidly approaching serious problems in our Nation's water supply. Extensive urbanization has created a dire need for slum clearance and housing and our public health facilities must be expanded if we are to improve, as well as maintain, our Nation's health.

The President's Council of Economic Advisers has reported that, despite the rapid growth of these needs, new nondefense public constructions, as a fraction of gross national product, was essentially unchanged in the 1950's from the levels of the 1920's.

The 1961 Senate hearings on the Emergency Employment Acceleration Act (S. 986) brought to light an impressive amount of data vividly portraying our public service needs and the backlog that has been accumulated. Pere F. Seward of the Housing and Home Finance Agency, in testifying on this bill, concluded that State and local governments plan to borrow over $10 billion during the next 2 years for community facilities. He also presented data indicating that expenditures for State and local construction of public works would increase by $8.5 billion, or almost 40 percent in the 18-month period ended December 1961, if authority and funds were available.

To conclude, the bills we are discussing today will contribute toward alleviating unemployment in the future and to providing urgently needed additions to our Nation's stock of public capital. We cannot dispute the importance of this, but the unemployment problems of today must also be met. It is our hope that this committee will recognize the importance of all these needs and see fit to report out a bill that also incorporates the amendments we have proposed.

Mr. BLATNIK. If there are no further witnesses the public hearings are now concluded. We hope to have the printed copy of the hearings available for us. In the meantime, the Chair will consult the men or the leadership at the most convenient time for an executive session. It will certainly not be this coming week. There will be some time elapse.

The hearings on this legislation are concluded.

The meeting is adjourned.

(Whereupon, at 12:40 p.m., the hearing adjourned.)

(The following was furnished for insertion:)

U.S. SENATE,
Washington, D.C., March 21, 1962.

Hon. CHARLES A. BUCKLEY,
Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The standby Public Works Act of 1962 is presently pending before the House Committee on Public Works. It is my understanding that hearings on this bill will be held shortly.

Many communities in the State of Michigan have expressed great interest in the enactment of this bill. Testimony as to the backlog of needed municipal public works and as to the assistance this legislation would give in alleviating unemployment has been fully documented by many Michigan communities.

Last year when similar legislation was being considered, I undertook a survey of Michigan cities as to the public works projects which could be under construction within 90 days of the initiation of such a program—22 of the 35 cities replying indicated that public works projects amounting to over $94 million could be under construction within 90 days.

Recovery from the current recession began last year and it was hoped it would be accompanied by a sharp decline in the unemployment rate. As you and the members of your committee know, this has not been the case. In Michigan, statewide unemployment in February stood at 9.2 percent. Some communities in our State had more than 20 percent of the labor force unemployed. In these areas more than "standby authority" is needed.

Hopefully, your committee, in its consideration of this legislation, will be able to develop amendments which would make some of the grants for State and local public works immediately available. These should be available, I believe, to those communities where a substantial labor surplus continues and the present recovery has not brought about a significant drop in the unemployment rate.

If a substantial improvement in the employment picture is not evident in the next few months, it is desirable that funds for areas of substantial labor surplus be available this spring.

Such a plan would seem to me clearly consistent with President Kennedy's desire to have available public works authorizations to counteract a new recession. If a substantial drop in overall unemployment does not occur in the months immediately ahead, the danger signs are sufficient that Congress should ready now a public works program to alleviate what would then be an intolerably high level of joblessness.

Thank you for your consideration of this proposal and every best wish,

Sincerely,

PHILIP A. HART.

Mr. CHAIRMAN. We will next hear from Congressman Rains of Alabama.

STATEMENT OF HON. ALBERT RAINS, OF ALABAMA, ON PUBLIC WORKS LEGISLATION

Mr. RAINS. Mr. Chairman and members of the committee, I am very pleased to be here today to testify on the public works employment legislation you are now considering because this is a field in which I have long been interested and one in which I strongly believe we need prompt and vigorous action. Because of my deep concern for the persistent high level of unemployment which continues to be our most critical domestic problem, I introduced a bill earlier this session to authorize a new program of Federal grants for local community facilities much along the lines of the recent administration proposal for $600 million in public works grants to be available immediately.

Let me say at the outset that I am in sympathy with the general objectives of the standby public works program proposed by the administration. Frankly, however, I am a great deal more interested in the provision for immediate assistance. I hope no one will let the standby proposal obscure the need for action here and now. Unemployment today is far too high, just as it has been continuously for the past 5 years. I believe the Congress has a responsibility to take immediate, forthright steps to attack the present problem of unemployment.

The gains in economic activity over the past year have been encouraging but they are by no means enough to make us complacent. Unfortunately, all too many were misled by the recoveries from the 1953–54 recession and the severe 1957–58 recession. Both times the first signs of upturn were used to thwart efforts to promote full and lasting recovery and both times we were left with a level of unemployment which was ominously higher. The fact is that this Nation has not achieved anything approaching full production and employment for a number of years. We must not allow ourselves to be misled again by those who say it is too late to do anything. If we fall into this trap, I predict that the current recovery will again fall short of providing all the jobs we need to put the unemployed back to work, take care of the growth in the labor force, and offset the impact of automation.

I do not want to overemphasize the dangers of the recent setbacks in business activity but, at the same time, no responsible person can ignore them. In the early months of this year we have seen a number of economic indicators slip backward. Perhaps the most striking decline has been in homebuilding activity, which has declined for

4 months in a row. Equally disturbing, the current official forecasts of plant and equipment spending in the coming year indicate that this vital economic factor will not have the zest which the economists have counted on to lift business activity to full employment levels. While Government surveys indicate business investment will total $37 billion this year, the Chase Manhattan Bank's economic bulletin currently argues that we need at least $45 billion to achieve true prosperity.

Personally I have every confidence that business activity, even housing starts, will rise as the year goes on, but I am not equally confident it will be sufficiently rapid and lasting to bring full employment. In this connection let me quote from the January report of the Council of Economic Advisers. In discussing the prospects for full employment they state:

"An expansion that slows down prematurely is less likely to be lasting. A slowdown, or even an expected slowdown, in the growth of sales can diminish incentives to enlarge productive capacity and inventories. A decline in capital spending and inventory accumulation can convert a slowdown into a downturn. For this reason, prospects for a lasting expansion rest heavily on the vigor of the upswing over the next few quarters."

I cannot agree with those who fear that the impact of a public works program would not be felt soon enough to help in our present situation. As evidence, they erroneously cite the administration's estimates that the budget impact this year and next would be relatively small. What this overlooks is the fact that under Federal grant programs, the funds are not actually paid out until the end of construction, long after the peak level of employment has been reached.

The fact is that these projects would get underway promptly. The public works advance planning program created by the Congress back in 1944 was expressly designed to build up a "shelf" of local construction projects which could be started quickly in times of economic slack. Right now, construction projects worth $1.7 billion are fully planned and ready to go and another $900 million are being planned. A substantial part of these would be eligible for aid under the proposed legislation. I believe it is crystal clear that this program will move quickly once the Congress acts and our job is to put this legislation on the statute books as soon as possible to get the contracts and orders moving.

None of us who support the proposals for an immediate program of Federal grants for public works pretend for a moment that this will solve all our problems. At the same time, I am at a loss to understand the reasoning of those who say that unless one single proposal will eliminate all unemployment then we should sit back and do nothing. Clearly there are those who use these counsels of perfection as a pretext for inaction and to hide their true motives—their outdated beliefs that economic distress is no concern to the Government. The record is perfectly clear that the Government has long since assumed a moral obligation to do what it can to make our private economy work well and provide employment opportunities for all of our citizens who want and need work. The Full Employment Act of 1946 stated this explicitly and not a year goes by without legislation that repeats and confirms this principle.

Unquestionably a program of Federal grants for State and local public works and authorization for accelerated Federal construction will create new job opportunities, not only on the construction site but in the factories which produce the materials and equipment essential to construction projects.

Let no one doubt that a program of Federal grants would produce a real net addition to employment. This is expressly called for in the bills pending before the committee and is the obvious intention of its supporters. Some who are not familiar with the workings of municipal government have worried unnecessarily that these grants would simply be used to finance projects that would have been started anyway. This concern is wholly without foundation since it is a simple matter for the agency administering the program to look at a community's current budge to see what projects and what expenditures are already planned. The grant then would be made only if it accelerated spending and employment on a current project or was to be used for an entirely new project which would otherwise be deferred.

I respectfully urge this committee to provide even more in Federal grants than the $600 million contained in the administration amendment. This is particularly needed in view of the fact, obvious to all of us, that other steps which I believe needed will not be taken. In particular, the proposal to authorize an across-the-board temporary reduction in Federal income taxes which would be of greatest benefit to those in the middle and lower income brackets is not likely to be enacted at this session. For the lack of other desirable legislation, the public works bill which emerges from this committee will have to carry a large share of our efforts to promote full employment.

Fortunately, this legislation combines two goals of highest priority. First, it makes a direct and immediate attack on unemployment, and at the same time, it will help to overcome the backlog of needed public works projects.

Hearings and field investigations conducted by my Subcommittee on Housing have been brought home with full force to fiscal problem of local government and the need for additional community facilities. City after city has told us how its normal growth is hampered because it simply cannot afford the construction projects essential to modern municipal government.

There is scarcely a town or city of any size in our country which has a fully adequate level of community facilities, such as water and sewer systems, hospitals, libraries, public buildings, streets and sidewalks, and the like. For too long now public investment has been a stepchild to our economy. It was necessarily put on the shelf during World War II; it was seriously impeded by materials shortages in the late 1940's; it was again restricted during the Korean war; and since then, it has been repeatedly stifled by recurrent periods of tight money. Meanwhile our rapidly growing population and the upgarding of public services demanded by our citizens have put crushing pressure on the ability of State and local governments to finance their day-to-day needs. We must all pay tribute to the vigorous efforts that municipal officials have devoted to the task of financing the needs of their citizens but the fact remains that local government, with its limited revenue and borrowing resources, cannot bear the entire burden and Federal financial aid is necessary.

The concern of those who claim that this proposal will unbalance the Federal budget is, in my judgment, badly misplaced. Whether or not we achieve a balanced budget depends primarily on the level of business activity which determines the flow of Federal revenues. A few years ago misguided efforts to balance the budget by slashing expenditures contributed heavily to the disastrous 1958 recession which resulted in a deficit of $12 billion—the largest peacetime deficit our country has even known. The economic stimulation provided through Federal grants for public works will result in greatly enhanced Federal income. Not only will these grants have a multiplied effect as States and local governments put up their share of projects costs, but inevitably private investment will be attracted by the availability of public works, and the increased purchasing power will generate higher levels of business investment and employment throughout the economy. Moreover it would be shortsighted to key all of our economic decisions to 1 fiscal year. The benefits of this legislation will be felt not only in fiscal 1963 but in the years after that and in the long run will undoubtedly more than pay for themselves.

A program of Federal grants at this time would, in real terms, actually cost little or nothing. Whatever dollar figure is put on the bill the economic facts are that we have idle men and idle industrial capacity going to waste. Acceleration of public investment now would not mean taking anything away from private demand. In fact, it would increase private demand, and clearly there is a large margin in the American economy to filfill the needs of both without strain. It is indeed regrettable that we have unemployment and excess capacity at the present time but it would be unforgivable if we failed to take advantage of the current slack to provide permanent and needed increases in our national wealth.

The Congress has voted in the past for American aid to our foreign allies for the construction of their public works; we cannot in good conscience do less for our own citizens. We can only meet our responsibilities as a world power by remaining strong and prosperous here at home.

The choice we face is not whether to invest in public works or avoid any expense at all because unemployment itself exacts a heavy toll. Even apart from the human suffering of those walking the streets seeking work, there is the outright dollar cost of unemployment compensation which amounted to $4.7 billion in the last fiscal year alone and will be another $4 billion this year. In contrast, the incomes generated by employment-creating programs will add to the tax revenues of every level of government. The most important dollar cost of all, however, is the production lost through unemployment. In spite of the gains over the past year it is estimated that our current rate of national production is fully $28 billion below capacity. If we can close that gap it will means more goods and services for all of us and a stronger and more prosperous America.

In recognition of the need to utilize idle manpower and help the unemployed by the most direct possible route, the bills now pending before the committee wisely direct this aid to areas suffering most seriously from unemployment. The three types of communities made eligible are those which have experienced at least 6 percent unemployment over the past year, those with longer term chronic labor

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surpluses which make them eligible under section 5(a) of the Area Redevelopment Act, and rural counties eligible under section 5(b) of that law. These criteria are well chosen and I am sure that I speak for many in expressing deep regret that it required so many years to get the Area Redevelopment Act on the statute books. Had that become law when it was first passed by the Congress in 1958, we would now have a program in full stride with a long record of achievement. Many communities which have suffered so badly in recent years would now be making their full contribution to the Nation's growth and output. Unfortunately it was not until last year that this program got underway. I think the progress it has made has been very commendable but, of course, it was never intended as simply a quick shot-in-the-arm solution to local economic problems. Its basic purpose is a fundamental long-range redevelopment of these depressed areas. This was made perfectly clear in the provision in the law that required each community to analyze its needs and resources and formulate an economic plan for redevelopment. Already over 300 communities have done this and I feel that these studies in themselves are a major step forward. However present national economic circumstances call for more immediate aid. The Area Redevelopment Act provided a limited amount of local grant and loan authority for local public works but those funds were narrowly restricted by the requirement that a project aided must directly increase long-term employment opportunities. It cannot be used for the basic community facility needs of these areas which, in most cases, have languished for years because of the special financing problems which depressed areas face.

I hope the committee will bear in mind the somewhat differing circumstances of the three types of eligible areas. In particular, I believe that the rural areas which qualify under section 5(b) will undoubtedly be hampered in coming into this program simply because the communties are small. These rural areas generally have the longest record of low incomes, unemployment and underemployment. I hope that the committee will make up for the lag which these areas will undoubtedly experience by setting aside some definite amount of the grant funds to be held available for rural areas.

Mr. Chairman, I am especially pleased of course that many areas in my own State of Alabama would receive the aid they need under the proposed program. Three-fifths of our counties and the cities of Anniston, Birmingham, Gadsden, Jasper, Mobile, and Talladega would benefit directly by the new jobs which the bill would provide.

Finally, I want to express my personal feeling that the time has come when the Congress should establish a permanent and continuing program of Federal grants for local community facilities to supplement the present loan program. Such aid has long been needed and is well justified. Even after further recovery we should see to it that the needs of our towns and cities, particularly smaller ones, are not pushed aside entirely by other demands. Local public works deserve a high priority and should not be turned on and off completely because of other economic developments.

Mr. Chairman, may I commend you and your committee for your hard work on this legislation. The problems with which we are faced are vital and pressing and I am confident that a substantial program of Federal grants for local public works will be approved on the floor of the House.

The CHAIRMAN. Thank you very much, Congressman Rains.

STATEMENT OF HON. GEORGE M. RHODES, A REPRESENTATIVE IN THE CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. Chairman, distinguished members of the committee, the most important problem facing the Nation today is that of unemployment.

Despite the upturn in our economy as a whole, there are still an intolerably large number of areas across the Nation where 6 to 10, and, in some cases, even 14 percent of the working force is unemployed. That such a situation exists in the world's most prosperous and abundant nation is shameful and disgraceful. Something must be done.

Both of the bills before the committee, H.R. 10113 and H.R. 10318, if enacted, will help to guard against recession and unemployment in the future. To reach this same end, I joined with the able Senator from Pennsylvania, Joseph S. Clark, in introducing similar public works legislation in the last session of Congress. My bill is H.R. 7578, to which I call your attention.

To meet our present needs, Mr. Chairman, I urge the committee to give every consideration to the President's letter of March 26, asking for the immediate authorization of a $600 million capital improvements program in the Nation's depressed areas which have failed to share fully in the recent economic recovery.

In the State of Pennsylvania, 426,000 persons, or 1 out of every 11 working men and workmen, are still unemployed. In Schuylkill and Northumberland Counties, both of which have been attached to my district, economic distress and unemployment are most serious problems. In these two counties, and in hundreds of similar areas throughout the Nation, millions of Americans live without hope for their families, without confidence in their country or their elected officials who represent them in the Nation's Capital.

There are those who cynically refer to all public works programs as wasteful spending or "pork." Nothing could be further from the truth. A public works program not only restores worth and dignity to the individual, it serves to create real wealth in new capital plant and equipment.

The last massive public works program was undertaken during the early years of the New Deal. Any objective study of that program stands as a tribute to its soundness and benefit to the entire economy. In the first 4 months of that program, 40,000 schools were built or improved, 12 million feet of sewer pipe were laid, 469 airports were built, 529 were improved, 255,000 miles of road were built or improved, and 3,700 playgrounds and athletic fields were built or improved. What fair and just person can refer to such accomplishments as "pork" or wasteful spending?

Since that last major effort to put our jobless back to work and care for the Nation's public needs, there have been two major wars, four economic recessions, and the staggering costs of peacetime defense. For years, pressing public needs have taken a back seat to more important defense and private charges. Because of this, there is a widespread shortage of classrooms, hospitals, clinics, public buildings, parks, and recreational areas.

The problem of unemployment is not a sectional one but a national one. It is not a political or partisan problem, but a bipartisan one. No civilized nation can complacently sit by while millions of its fellow citizens lack the opportunities and means to earn their fare.

Certainly, no one believes that one public works program by itself will solve the Nation's unemployment. However, if the immediate and long-term proposals are adopted along with the administration's tax reduction, investment, and other proposals to stimulate our rate of economic growth, we, as a nation, will have begun on the long road to full employment and production.

CATERPILLAR TRACTOR CO.,
Peoria, Ill., March 29, 1962.

HON. ROBERT H. MICHEL,
Old House Office Building, Washington, D.C.

DEAR BOB: I am writing you in regard to the President's request for standby authority to initiate $2 billion in public works projects, and in particular, to his March 26 request for $600 million for allocation to local public works projects, on a 50–50 matching fund basis, over the next 2 years.

As you know, we have supported the use of Federal funds for projects clearly of an interstate nature. This includes the Interstate Highway System. It also includes degrees of Federal participation in certain activities in the field of water management such as flood control, reclamation, watersheds, and other means of upstream water conservation.

These positions, incidentally, are generally consonant with those of the U.S. Chamber of Commerce.

This of course does not mean we recommend your support of Federal aid to school construction, community sewage treatment plants, or local recreational facilities. On the contrary, we shall continue to urge you to oppose such measures. By the same token, we recommend your opposition to the President's new public works program.

This program seems to make no differentiation between projects that are national or interstate in character, and those that are local and therefore properly the responsibility of local government.

The basic issue seems to be whether Americans are ready to accept and endorse Federal control of local affairs. The fact that a community needs a new park is cerainly no justification for the Federal Government to cause it to be built or to pay for half of it. The result of such is Federal control, loss of local initiative, and as has been demonstrated in other fields, the causing of a community to actually defer plans for local improvements in the hope of securing future Federal aid.

Further, we do not believe the President should be equipped with broad standby authority to spend $2 billion in public works projects.

Certainly a degree of executive latitude is necessary—we believe, for example, such as is justified in the case of the Trade Expansion Act where the administration needs to equip itself with some basic bargaining authority. But if the President is to be granted an expanded public works program, the Congress certainly ought to have the right to approve in broad terms the projects for which the money is to be spent.

The question of the effectiveness of "pump priming" measures is of course basic to this whole subject. It was once held that Federal public works expenditures should be made during a recession in order to stimulate recovery. But it now seems to be widely recognized that the effects of such activity are often so delayed, they are of little real use in counteracting a recession. So the recommendation now seems to be that large public works expenditures should be made while times are good and business on the upswing, so that the next downward trend in the business cycle will either not occur, or will be greatly cushioned. We seem to be coming to a program for full-time Federal public works spending: In good times to avoid or postpone bad times, and in bad times to bring back the good.

At the very minimum, the result of such an approach is an ever-increasing Federal participation in local affairs and in the economy of our country.

Sincerely,

W. K. Cox, *Vice President.*

INVESTMENT BANKERS ASSOCIATION OF AMERICA,
Washington, D.C., April 13, 1962.

Re Proposed Standby Capital Improvement Act of 1962 (H.R. 10317) and Public Works Coordination and Acceleration Act (H.R. 10113).

To Members of House Committee on Public Works:

Since some members of the committee were not present at the hearing on March 30 when Mr. Cushman McGee testified on behalf of the Investment Bankers Association of America, there is enclosed a copy of the statement which Mr. McGee submitted to the committee.

A question was asked, whether municipalities in redevelopment areas or in areas of continuous substantial unemployment can finance needed public works without the Federal assistance proposed in the bills under consideration. To supplement Mr. McGee's answer and the information in the attached statement, we submit the following examples of recent financing by cities in such areas at very favorable interest rates:

(1) On April 10, 1962, the city of Birmingham, Ala., sold $5 million of waterworks revenue bonds (maturing to 1962) at a net interest cost of 3.2037 percent.

(2) On April 9, 1962, the city of Huntington, W. Va., sold $1,800,000 of sewer revenue bonds (maturing to 1981) at a net interest cost of 3.0992 percent.

(3) On March 27, 1962, the city of Detroit, Mich., sold several issues of bonds aggregating $20,985,000 (the longest maturing to 1988) at net interest costs ranging from 2.579 to 3.194 percent.

(4) On February 13, 1962, the Philadelphia, Pa., School District sold $12 million of school bonds (maturing to 1987) at a net interest cost of 3.07 percent.

(5) On February 13, 1962, Los Angeles, Calif., School Districts sold $30 million of school bonds (maturing to 1987) at a net interest cost of 3.15 percent. On January 31, 1962, Los Angeles, Calif., sold $14 million of harbor department revenue bonds (maturing to 1986) at a net interest cost of 3.39996 percent.

Respectfully,

GORDON L. CALVERT.

AMERICAN HOSPITAL ASSOCIATION,
WASHINGTON SERVICE BUREAU,
Washington, D.C., April 19, 1962.

Hon. CHARLES A. BUCKLEY,
Chairman, House Committee on Public Works,
New House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The American Hospital Association is interested in H.R. 10318, the Standby Capital Improvements Act of 1962, which your committee is considering. We are especially concerned with the provisions to make Federal grants and loans to accelerate capital improvement projects that are ineligible under existing programs. The renovation, modernization, and replacement of urban hospitals in areas of substantial unemployment is the particular activity we would like to discuss and encourage.

This association is a voluntary nonprofit membership organization. An overwhelming majority of the Nation's hospitals of all sizes, types, and locations, are members. They contain over 90 percent of the country's general hospital beds. Our objective is to promote the public welfare through the development of better hospital care for all the people.

In the past we have supported a variety of Federal programs dealing with general health matters and hospitals in particular. Renovation, modernization, and replacement of urban hospitals has been proposed by our witnesses in testimony before congressional committees. In those hearings, these points were disclosed:

Major emphasis of present legislation has been in rural areas. Their needs were greatest and hence their priority the highest. Left largely unaided, however, are the larger urban hospitals whose physical plants have deteriorated through age, exceptional utilization, and technical obsolescence.

A survey of hospital modernization needs was conducted by this association about 6 years ago. It indicated a need of at least $2 billion to modernize our older institutions. Only 2 years ago the Public Health Service released the results of its survey—2,255 American hospitals in need of modernization or replacement at an estimated cost of $3.6 billion.

The necessity for modernization is nationwide; at least 1,303 of the needy hospitals are located in metropolitan areas. Virtually all communities suffering from economic depression and substantial unemployment are represented. The largest hospitals, those of over 500 beds, and located in populous areas, show a need for renovation which is more than twice that of nonprofit hospitals in general.

Because existing law continues to require "special consideration" for "hospitals serving rural communities" as well as for areas "lacking adequate hospital facilities," modernization of urban hospitals must be assisted by other legislation, such as H.R. 10318, if it is to be accomplished in meaningful quantity.

In many urban hospitals the plans are drawn and all is in readiness to commence renovation, modernization, or replacement. Only the money is lacking. Thus, in many of the economically depressed communities of the Nation, these projects would appear to qualify fully under the criteria of H.R. 10318, since they—

(1) Can be initiated within a reasonably short period of time;
(2) Will meet an essential public need;
(3) Usually can be completed within 12 months after construction begins;
(4) Will contribute significantly to the reduction of unemployment; and
(5) Would not be inconsistent with locally approved development plans, in most instances.

The loan funds also may be necessary in many cities where the institution or public body does not have readily available all of its share of the project's cost.

In supporting H.R. 10318, as it may apply to hospitals in areas of substantial unemployment, we respectfully suggest that—

Urban hospitals be made unquestionably eligible for participation in the standby capital improvements program irrespective of their present technical qualification for inclusion under the Hill-Burton program (Hospital Survey and Construction Act). The priorities under that law are such that the larger, older urban hospitals, with relatively few exceptions, cannot qualify for grants or loans to finance modernization, renovation, or replacement.

Where the Hill-Burton administrative machinery is to be utilized for hospital projects under the standby capital improvements program, the existing priorities should be waived so that rural preference will not prevent aiding the unemployed in the larger cities.

We have strongly supported the Hill-Burton Act and continue to do so. Therefore, we do not wish in any way to disrupt the integrity of the Hill-Burton program. However, where the Hill-Burton administrative mechanism alone is to be used to facilitate another Federal program, we do not believe that the Hill-Burton priorities need prevail.

We shall be pleased to provide any further information you might desire in this regard. We would appreciate the inclusion of this letter in the record of the hearings on H.R. 10318.

Sincerely,

KENNETH WILLIAMSON, *Associate Director.*

CHAMBER OF COMMERCE OF THE UNITED STATES,
Washington, D.C., April 16, 1962.

Hon. CHARLES A. BUCKLEY,
Chairman, Committee on Public Works,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The Chamber of Commerce of the United States urges the Congress not to relinquish its authority to review administration proposals for public works projects, as provided for in H.R. 10113, H.R. 10318, and similar bills. The chamber recommends that the House Public Works Committee table these proposals to grant the President standby authority to spend up to $2 billion for the following reasons:

1. The ability of Congress to control Government expenditures would be seriously weakened.
2. The current fiscal outlook requires spending restraint.
3. Federal funds would be utilized to finance projects that are the responsibility of State and local governments.
4. Massive public works spending programs have not been effective in combating economic recessions.

1. *Congressional control of the purse.*—The constitutional provision that "No money shall be drawn from the Treasury but in consequence of appropriations made by law * * *" clearly fixes not only the authority of the Congress with respect to Federal expenditures but also its responsibility. However, over the years, many methods of circumventing the appropriations process and weakening congressional control of the purse have been devised. Such devices as back-

door spending (authorizations to expend public debt receipts) have removed huge amounts from the appropriations process to be expended largely at the discretion of Federal agencies.

A Treasury report ("Combined Statements of Receipts, Expenditures and Balances of the U.S. Government") states that the amount owed to the Treasury by various Government agencies permitted to borrow from the Treasury was $33.4 billion on June 30, 1961. Since that time, passage of such legislation as the Area Redevelopment Act and the Housing Act of 1961, among others, have greatly increased the power to borrow from the Treasury. It is estimated that the current amount owed to the Treasury by Government agencies is nearly $36 billion.

The bills before you do not propose financing public works programs by the customary back-door spending method. Rather, they would transfer authority from other executive department funds. But there is little actual difference as far as congressional spending control is concerned. The amounts, up to $2 billion, which the President could utilize would be transferred by him from other programs with the understanding that Congress could later restore the funds. Congress would be placed in an after-the-fact position and, presumably, would feel obliged to restore funds it had previously authorized.

The national chamber is strongly of the opinion that continuous and critical review of our Government activities and spending authorizations by Congress, the executive branch, and the people is required in order that taxes and the debt may be reduced. The chamber views the proposals before you as contrary to this principle and, as such, a threat to sound national fiscal policy.

2. *The current fiscal outlook.*—The Secretary of the Treasury has announced that the administration will ask Congress to raise the temporary debt ceiling to $308 billion before the end of the present fiscal year. This will be the third request for an increase in the debt limit within a single year and, if granted, would permit an increase in the temporary debt ceiling of $23 billion above the permanent debt ceiling of $285 billion. While figures of this magnitude are difficult to comprehend, it should be noted that last year, when the U.S. debt stood at $290 billion, Representative Charles R. Jonas, Republican, of North Carolina, advised Members of the House of Representatives that the combined debts of all the rest of the free world stood at $197 billion. This was $93 billion less than the U.S. debt.

As to fiscal 1963, the razor-thin surplus which the President estimated in his budget document is now widely believed to be overoptimistic. It probably will turn out to be a deficit. When the Secretary of the Treasury testified before the Senate Finance Committee on April 2, he stated that the administration was still hopeful that a budget surplus for 1963 could be achieved. However, the staff of the Joint Committee on Internal Revenue Taxation has estimated that, even at the expenditure level estimated in the budget, a deficit of nearly $4 billion is likely for fiscal 1963.

The official estimate for the 1962 deficit is $7 billion and there are indications it may go higher.

Because continued deficit financing is a threat to the strength of the dollar both at home and abroad, restraint is required in Federal expenditures and serious attention must be given to the problem of first halting the pattern of continuous debt increases and then making provision for debt reduction.

3. *State and local projects.*—Implicit in the proposed legislation under consideration by your committee is the presumption that there is a Federal responsibility to make grants and loans for State and local capital improvements. The chamber does not share this view, and believes the Federal Government's activities in the public works field should be limited to those programs that are clearly a Federal responsibility.

The argument is often put forward that many communities are desirous of instituting capital improvements but are incapable of financing them. This contention has been effectively countered by the evidence presented to this committee on behalf of the Investment Bankers Association of America. Based on the actual lending experience of its members, the association concluded that the financing of public facilities by State and local government is presently at a record level and construction by local governments tends to operate automatically on a contracyclical basis which fosters increased construction in recession periods.

In addition, the point is often made that the possibility of receiving Federal aid sometime in the future can act as a strong deterrent to the inauguration of necessary State and local capital-improvement programs that otherwise would

be started promptly. The legislation you are now considering could be such a deterrent.

4. *Accelerated public works spending as an economic stimulus.*—Although experience has demonstrated that public works construction cannot be efficiently adapted to relief operations or to stimulate the entire national economy effectively, such proposals are constantly made.

Following the recession in the national economy starting in the latter part of calendar year 1957 and lasting into calendar year 1958, a significant study was made by the Bureau of the Budget. This study resulted in a staff report entitled "Federal Fiscal Behavior During the Recession of 1957–58." The report is a comprehensive analysis of the many antirecession actions taken by the executive branch or Congress or both in an attempt to assess their effectiveness as factors in combating the 1957–58 recession. In transmitting the report to the President, the then Director of the Budget Bureau, Maurice H. Stans, emphasized a major conclusion of the study. He commented:

"The fiscal actions of the Government which gave the biggest boost to the economy in 1958 were the built-in stabilizers, such as automatic decreases in income tax revenues and automatic increases in unemployment benefits which took effect under existing law without the need for policy action by either the executive branch or the Congress * * *."

In considering a huge expansion of federally financed public works programs, it is important that the proposals be viewed in relation to existing programs and those proposals contained in the President's 1963 budget. An examination of the Federal budget for 1963 discloses proposed expenditures for civil public works at an estimated $6.5 billion. This amount represents a record expenditure level for these programs. In addition, the administration is requesting approximately $1.6 billion for national defense public works, which in combination calls for total expenditures for civil and defense public works in 1963 of more than $8 billion. These figures are cited to illustrate that Federal public works activities are presently a very considerable portion of the Federal budget and proposals to increase greatly the expenditure level of these programs should be viewed accordingly.

THE PRESIDENT'S AMENDMENT

Subsequent to the introduction of the proposed legislation under consideration, the President addressed letters to the chairmen of the House and Senate Public Works Committees on March 26 recommending approval of capital improvements programs in economically depressed areas. This was proposed as an amendment to H.R. 10318 and other identical bills. This program would involve additional spending authority of $600 million. The chamber believes this proposed amendment by the President is subject to the same criticisms voiced above, with two modifications:

(*a*) The depressed area public works proposal would not avoid the appropriations process. However the disposition of the funds as to location and amount would be quite discretionary with the President and would represent a very real relaxation of congressional review of this type of program.

(*b*) The amendment applies to localities which have been designated as redevelopment areas or areas of substantial unemployment. This type of Federal activity does not get to the heart of the problem of unemployment in a given area any more than it does on a national basis. Proposals that the Federal Government solve depressed area unemployment problems appear to be based on the premise that national legislation can revoke the laws of economics, and the facts of geography, scarcities of natural resources, locations of markets, the desires of consumers, or the skills and personal will of workers.

For the reasons stated above the national chamber again urges the House Public Works Committee to table H.R. 10113 and H.R. 10318 and also the proposed Presidential amendment.

I would appreciate your making this statement a part of the record of your hearings on these bills.

Cordially,

THERON J. RICE,
Legislative Action General Manager.

STATEMENT OF THE NATIONAL ASSOCIATION OF MANUFACTURERS

The National Association of Manufacturers is pleased to have this opportunity to express its thinking regarding the President's proposal for the Chief Executive to have standby authority to accelerate capital expenditures as an anti-

recession measure, and the bills before this committee which would implement that proposal.

The NAM is a voluntary membership organization made up of approximately 17,000 business concerns of all types and sizes throughout the United States. More than 80 percent of our membership is small business. In fact, 28 percent of the membership employ 50 or fewer persons, 41.5 percent employ 100 or less, and 83 percent have 500 or fewer employees. The association thus speaks for a broad, diversified, and substantial segment of the country's productive—and taxpaying—enterprises.

The National Association of Manufacturers oppose H.R. 10317 and similar bills for reasons that will be explained in this statement. Before entering upon this discussion, however, we shall suggest for consideration of this committee and of the Congress an aspect of the matter which involves the basic relationship between the legislative and the executive branches.

CONGRESSIONAL RESPONSIBILITY SHOULD NOT BE DELEGATED

Decision regarding the extent to which a delegation of congressional authority and responsibility is involved, and the wisdom of granting such powers to the President, is prerequisite to consideration of the proposed legislation. In the message of February 19, 1962, the President referred to the delay caused by "normal legislative processes" as a reason for requesting authority to inaugurate a public works spending program under specified conditions.

We submit that this is not an adequate reason for suspending the normal legislative processes. It is not only the right, but the duty, of Congress to debate and deliberate before deciding to spend. There can be no guarantee that emergency public works spending is always the proper action to take under any and all circumstances, assuming that Government action of any sort would be justifiable. By enacting this bill the Congress would abdicate its own responsibility and foreclose its opportunity to consider other possible lines of action which, in particular circumstances, might be more appropriate.

Furthermore, the President's action, if it were to be authorized as proposed in this bill, would not avoid the result attributed to the normal legislative processes; namely, that of being "too late to achieve an ameliorating effect on the recession sufficient to justify the increase in budget expenditures." What he means is that if public works spending, as an antirecession measure, must wait for congressional sanction, the bulk of it is likely to occur in the recovery which begins after the bottom has been reached. But according to the timetable set out in the Economic Report of January 1962, the same result is likely to happen under the proposed plan.

In that report it is indicated that the spending could be initiated within 2 months after the unemployment situation had given the signal and that the impact would begin to be felt within 1 or 2 months after the spending had started. These time limits seem optimistic, particularly as regards the time to get underway. The letting of contracts, the assembly by contractors of men, equipment, and materials at specific sites, and various other matters could take more than 2 months. However, accepting the Council's estimates, the following table from the Economic Report (p. 74), with our interpretative interpolations in parentheses, applies the plan to the last four recessions.

TABLE 1.—*Hypothetical timing of proposed capital improvements program in 4 postwar business cycles*

Business cycle peak	Unemployment criteria met	(Program started)	(Impact of program began)	Business cycle trough	(Months elapsed from impact to trough)
November 1948	March 1949	May 1949	July 1949	October 1949	3
July 1953	November 1953.	January 1954	March 1954	August 1954	5
July 1957	November 1957.	January 1958	March 1958	April 1958	1
May 1960	August 1960	October 1960	December 1960.	February 1961	2

It appears that the recession of 1954 would have been the only one in the list in which there would have been enough time between spending impact and the bottom of the recession for any considerable part of the public works spending to be made before recovery began. In the last two recessions, virtually all of the spending would have occurred after recovery had started.

Thus the implied reason for the proposed legislation—that Congress cannot act fast enough—is irrelevant, since the triggering mechanics of the proposal itself will apparently cause enough delay to nullify the supposed speed of executive, as opposed to legislative, action.

MATCHING REQUIREMENTS ARE A LOGICAL IMPEDIMENT

The President's message states: "Virtually every community in the Nation has a backlog of needed capital improvements." The important question in this connection is not the existence of a backlog of projects for which plans and specifications have been prepared and sites acquired, but how many States, cities, and other units would be able and willing, on short notice, to provide the money to match the $750 million which is to be allocated as matching grants.

Experience has shown that although States and cities do not plan public work to be countercyclical, practical considerations sometimes create that effect. Those that are needed, are financed when needed, regardless of boom or recession. Postponable projects, on the other hand, usually await lower interest rates, which often coincide with recession—therefore producing a contracyclical effect. Thus, Federal funds, available at such times, would be apt to substitute for State or local funds. And that, according to the standards laid down by the President for eligible emergency undertakings, would render such projects ineligible:

"All of these projects must meet essential public needs, must be capable of early initiation and of completion within 12 months, must contribute significantly to reducing unemployment, and *must not merely replace existing expenditures.*" [Emphasis added.]

There is inconsistency between the criterion of "essential public need" and holding a project in a planned backlog of antirecession spending. If need is genuine and sufficiently great, project priority would preclude delay. But if the essentiality of a project is low enough to render it postponable, the coincident existence of recession will not change its character as essential or postponable. To give it unwarranted priority as essential just because of a recession would amount to providing "made work."

The expectation that any large number of States and cities could suddenly develop plans and financing for new projects which would comply with the above standards appears to be quite unrealistic. This is recognized in the bill, which earmarks $250 million for loans to States and cities otherwise unable to finance their share of the matching costs. This loan fund may very well set the limit to State and local participation. Local reluctance to borrow could keep the participation even below this level.

The legal restrictions on State and local debt increase without popular approval in referendum votes would be a further practical obstacle to large scale State-local participation on short notice.

And finally, the requirement in the bill that all employment on projects or programs assisted by grants to State or local units shall be paid wages at rates not less than those prevailing on similar construction in the locality (the Davis-Bacon Act) is not likely to increase local enthusiasm. This requirement is completely out of step with the basic purpose. To whatever extent persons are unemployed because there is insufficient demand for their services at the wage which the law or a union contract requires to be paid, the Davis-Bacon rule negates the whole purpose of the proposed program. No contractor on projects launched under H.R. 10317 will hire presently unemployed persons at a wage above the value of their services unless he is operating on a cost-plus basis. Rather, he would be more likely to divert competent workers from other jobs in order to execute the new contract. Thus, despite the language and the intent of the bill, the public works authorized under it could be, to some extent at least, a substitution of jobs, not a provision of new jobs.

SUBSTITUTING A DEBT LADDER FOR THE DEBT CEILING

The possibility of adding up to $2 billion to the public debt every time the public works authorization would be utilized is not a deterrent to the proponents, since large deficit spending is regarded as not only a proper, but an infallible

cure for recession in the compensatory or cyclical budget balance doctrine. This debt is never fully retired in the postrecession recovery with the result that the total debt steadily increases. The debt ceiling was already raised once this year, and further extension has been requested by the President. This legislation would require a moving debt escalator rather than a debt ceiling. It would make a complete misnomer of the term itself, and void the very purpose of a debt limitation.

TEMPORARY, CRASH PROGRAMS DEAL INADEQUATELY WITH CHRONIC UNEMPLOYMENT

Public works spending is a wholly inadequate solution of the unemployment problem as it exists today. The real cause for concern regarding unemployment is not so much the occasional cyclical peaks as it is the high level of unemployment which has persisted in recent years through all phases of the business cycle. This was pointed up by Representative John A. Blatnik in a statement issued on March 26, 1962, in connection with both the $2 billion standby proposal and the later suggestion of the President for $600 million of new public works money for distressed areas.

Mr. Blatnik said:

"With each recurring recession in the postwar period, an ominous tendency has become noticeable. As a rule, each recession tends to start at an unemployment trough that is higher than that of the preceding recession, while the peaks of unemployment are reaching gradually increasing heights."

He documents the chronic nature of unemployment further by noting the slow rate at which unemployment falls after reaching a recession peak, and the shortening span of time between unemployment peaks. However, the two proposals involved deal with unemployment as if it were strictly a cyclical phenomenon supporting public works acceleration as a primary countercyclical tool. "Triggered" by a specified rise on unemployment, the standby program would be limited to 12 months and, once instituted, could not be resorted to again until 6 months had elapsed. Thus, the scheme immediately involves one or more short-term crash programs to deal with a chronic condition.

However, it would seem to anticipate a very different thing—a permanent program run by a new high-level Federal office.

FULL EMPLOYMENT AND CAPITAL IMPROVEMENT BY FEDERAL FIAT

In his statement on "The Growing Problem of Unemployment," Representative Blatnik says: "To maintain our people's capitalism * * * we must maintain plentiful job opportunities." And he adds that a public works program is "the most economical road to full employment." He later mentions that it would provide "a very important byproduct, a residual of public capital improvements * * *." The limitless avenue for full employment—federally provided employment—which would thus be opened up, is indicated as follows:

"Prof. Alvin H. Hanson has estimated that we need to allocate one-fourth of GNP, or roughly $125 billion a year to the public sector. A lower estimate made by Gen. John S. Bragdon, a special assistant to President Eisenhower, would be required just to take care of the backlog of needs and existing facilities."

The statement admits that the program now being proposed would not satisfy all those needs, but it contends that it would "go a long way in meeting" them.

The next aim in the plan is evidently a spearheading Federal agency "to foster overall acceleration planning * * * to assess employment possibilities, to analyze capital investment opportunities * * *."

Thus the entire outlook for handling unemployment through public works is simply a grandiose expansion of public employment—a "people's capitalism" by Government management. Is this what the people of our country want? Will this mean economic growth? Will this strengthen the U.S. position among the free nations? It would simply be accepting, not correcting, the situation.

SYMPTOMS VERSUS CAUSES

The specific economic issue involved in proposals for accelerated public works is whether recession can be checked or avoided, unemployment materially reduced, and the rate of economic growth materially elevated, by increased public works spending. The phenomena of unemployment, recession, and growth are too complex to be dealt with by one simple act of government. The statement

of findings and purpose in the bill is superficial because it deals with symptoms rather than basic causes. It assumes that Government spending is the infallible cure for recession, but Table 1 above shows that in three out of the last four recessions virtually all of the spending would have occurred after the recession corner had been turned, if legislation such as H.R. 10317 had then been in effect. It is apparently assumed also that the unemployed comprise a homogeneous unit which can be sorted out and put to work by a standard procedure such as public works spending.

On the other hand, the bill reveals no recognition of a most important cause of unemployment, which is the wage and fringe benefit cost of labor in relation to the value of the worker's services in production. There are wide differences in the incidence of unemployment according to age, sex, race, education, occupation, degree of previously acquired skill, and geography. There are differences, also, in the value of the services which the several unemployed persons can render. To the extent that the minimum wage, or a union scale of wages plus fringe benefits, would involve a production cost higher than can be recovered in the price of the product, unemployment will result.

If the employer is to stay in business and is to be motivated to hire people he must realize more than his out-of-pocket or break-even costs. He must earn a profit which represents at least an adequate return on his capital. The impact of wage cost-price squeeze on profits has been, especially in recent years, a most important cause contributing to periodic recession and unemployment. In three successive 4-year periods the relation of corporation profits after tax to gross national product has been as follows:

TABLE 2.—*After-tax corporation profits as a percentage of gross national product*

Period:	*After-tax profits as percent of GNP*
1950 through 1953	6.0
1954 through 1957	5.2
1958 through 1961	4.5

In absolute amounts, profits after tax were $22.8 billion in 1950, $23.5 billion in the prosperous year 1956, and $23.3 billion in 1961. Over this period gross national product rose from $284.6 billion in 1950 to $521.2 billion in 1961. While total employment rose from 59,957,000 in 1950 to 66,796,000 in 1961, total unemployment increased from 3,142,000 to 4,806,000 in the same time. The increase of unemployment may be said to provide a rough measure of the extent to which workers have been priced out of the market by the protective measures of unions and Government alike.

CAPITAL IS A PRIME REQUISITE FOR EMPLOYMENT

Capital, in the sense of tools and equipment for production, is indispensable to employment. In form and quality it may range from the primitive hand tools of an undeveloped country to the immense array of high quality equipment that we have here in the United States. Whatever may be the situation, from the lowest to the highest ranking of the quality of a country's capital equipment, there will be employment to the extent that the worker output is sufficient to justify the wages paid, and there will be unemployment for those whose output is not sufficient to cover the wages demanded, or paid under legal compulsion. In a free labor market the wage level will vary with the productivity of labor. Since this productivity is increased with improvements in the quality of the capital used, technological advance is an important factor in wage determination, and also in the volume of employment. On-the-spot displacement of workers as new machine or new methods are introduced is much more than offset by the additional job opportunities opened up by the improvements. The unions clink stubbornly to the "lump of labor" doctrine, which is that only so much work is available and restrictions on hours and output are necessary to provide jobs for new workers and the unemployed. This thesis has been disproved by every advance since tools were first invented. Sharing the work means sharing the capital, and dilution of the capital per worker means lower output and lower real income per worker.

In any fundamental approach to the problem of unemployment, the need for more capital is obvious, first to avoid capital dilution as the labor force increases and second, to increase productivity per worker through the improvement of the quality of capital which comes about with invention and increased

capital funds to provide the new forms of capital goods. Increasing productivity per worker is the basis for economically justifiable wage increases. Long-range economic statemanship indicates that wage increases should be held somewhat below this potential in the interest of all consumers, and also in order to keep the prices of our export products effectively competitive with foreign goods.

The flow of new capital and the combination of labor and capital in productive operations are alike dependent on the prospect of profit. This brings us again to the inescapable requisite of a relationship between value of output and labor cost that will keep the mainspring of the private enterprise wound up.

The sources of new capital are (1) internal business financing and (2) external financing through investment of the savings of individuals. Both methods are appropriate. The imbalance that would be created by the "investment tax credit" now supported so strongly by the administration would defeat the purpose urged in its support, which is the provision of more capital. It would do this by a tax subsidy to existing business and a penalty on saving for investment by individuals. This is like "saving at the spigot and wasting at the bung." Dr. William Fellner has written about the investment tax credit as follows:[1]

"It is undesirable to promote mainly those acts of investment which are internally financed out of the undistributed earnings of enterprise that is already highly profitable. Lopsided stimulation of these particular investments may well lead to further concentration of economic power. * * * To be sure, there exists no general case against internal financing; this method of obtaining investable funds has some economic advantages as well as drawbacks. But pressing self-financing too far would have several undesirable consequences, and hence a balanced program should give additional inducements to accumulate savings out of personal income. These individual or personal savings are the funds which are channeled into investment through the capital market. Misgivings seem justified against the proposal that additional inducements to invest should become coupled with measures such as reduce the personal savings of individual income recipients out of any given national income."

The frequent references to excess plant capacity in recent discussions have often been taken to imply that there is no present need for more capital since we are not making full use of what we have. Unused capital and unused labor have at times been linked together, the idea being, apparently, that both excess capacity and unemployment would disappear if the unemployed were moved into the excess capacity plants and put to work.

This is not even good wishful thinking. Many of the unemployed are in that situation because the value of their product would not cover the wages demanded, whether by reason of Federal law or union wage scales. While this imbalance persists, they could not get jobs even if there were idle plants.

Moreover, the concept of excess capacity is hazy and indefinite. It is never clear, in the references to it, what standard of measurement is being used. It can vary according as it relates to one, two, or three shifts, or to comparatively obsolete plant and equipment that could be put into service if needed, or to give plant and equipment in a declining industry. Even if a definition of excess capacity could be framed that would command general acceptance, its existence would not necessarily indicate a defective allocation of resources. On the contrary, the economy needs some margin of capacity to meet variable, or emergency, needs and to permit flexible adaptation of output to the market. If there were absolutely no excess capacity in the economy, it would not be possible to meet a sudden increased demand for defense material. It would not even be possible to supply additional quantities of the materials that would be required for the sudden implementation of the proposed public works program without diverting them from existing construction projects.

The emphasis on excess capacity has diverted attention from capital formation by creating the impression that we already have enough, or more than enough, capital and that the way to reduce unemployment is to make fuller use of existing capital. This notion has been carried over from the "mature economy" doctrine of the 1930's. In that doctrine the alleged lack of investment opportunities was deemed to be evidence that no more capital was needed.

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[1] See "Employment in the American Economy," a compilation of reprints from the Congressional Record, 87th Cong., 1st sess., p. 97.

CHRONIC CAPITAL DEFICIENCY MEANS CHRONIC UNEMPLOYMENT

A chronic aspect of the unemployment problem is presented by the longrun downtrend in capital formation. In a monumental study of capital in the American economy Dr. Simon Kuznets has shown that capital formation has been declining over a long period in relation to gross national product. His summary of this trend is as follows: [2]

"With gross capital formation a stable or declining proportion of gross national product and the ratio of capital consumption to gross capital formation rising appreciably, the ratio of net capital formation to national income (net national product) shows a distinct downward trend. For volumes in constant prices, the share declines from 14.6 percent in 1869–88 to 11.2 percent in 1909–28 and to 7 percent in 1946–55; in current prices the movement is from 13 percent in 1869–88 to 11 percent in 1909–28 and to 8.7 percent in 1946–55."

Dr. Kuznets rejects the view that the relative decline of net capital formation has been due to a lack of investment opportunities. He says that the alternative approach, which emphasizes the supply of savings, seems more plausible and more fruitful as an analytical lead, especially when consideration is given to the large stock of new knowledge awaiting productive exploitation here at home and the wide investment opportunities abroad.

He offers two explanations for the declining relationship of savings to national income. One is the preference for consumption and the other is the damage done by the kind of taxation used to support large budgets. These factors are to some extent interactive. The desire to live better is entirely natural and proper. The better life through a rising living standard is the ultimate purpose of investment and production. But the futility of trying to get ahead financially under the present Federal tax system tends to the attitude of "eat, drink, and be merry."

THE CONSTRUCTIVE ANSWER IS COMPOSITE—BUT NON-FEDERAL

The NAM rejects the proposed antirecession standby authority as inadequate in effect, inappropriate as to method, and irrelevant as to basic analysis. Instead the association offers comments and suggestions for a more constructive and fruitful approach:

1. *Not a welfare problem.*—The economic problem of unemployment is not to be solved by confusing it with, or dealing with it as, a welfare problem which is essentially what is done in this proposal and the companion proposal of the President on unemployment compensation. (Although this subject is not covered in H.R. 10317, the proposed "strengthening and making permanent" of certain features of unemployment compensation deserves brief comment here. The function of unemployment compensation is to provide a certain level of worker income in emergency situations, not to support him through an indefinite period. The higher the payment and the longer the period, the less is the incentive to seek, or accept, employment. The outcome would be that employers who could not afford to keep low-efficiency workers on the payroll would be taxed the more heavily to support them in idleness.)

2. *Non-Federal collaborative action.*—New or improved worker skills are always required to keep up with changing methods of production and the different kinds of equipment made available by general progress as well as technological advance. From the standpoint of these ever-changing requirements, those counted as unemployed fall into two groups:

(*a*) Persons capable through training to become eligible for employment under the new conditions;

(*b*) Persons so lacking in mental capacity, dexterity, emotional stability, or determination as to be incapable of acquiring the proficiency through training to hold a job at good wages. (Some, perhaps many, of these are kept out of jobs which they could perform because neither special skill nor intensive training is required, by the Federal minimum wage law. The higher the rate of this minimum is set, the more unemployment of this sort it is likely to create.)

Those who are not employable, for any reason, contribute to the so-called hard core of unemployment. Yet, they are not really a part of the labor force. Their inclusion in it distorts the statistics and creates a false impression regarding a condition which is enough of a problem when correctly gaged.

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[2] Simon Kuznets, "Capital in the American Economy," pp. 396, 397. National Bureau of Economic Research, 1961.

Although the training, or retraining, of workers in the new skills and occupations requires extensive collaborative action, it does not call for Federal programing or underwriting. It must begin with those individuals who are energetic and ambitious enough to want such improvement. Resistance to the innovations which increase output and reduce unit costs is extremely shortsighted. This action includes industry cooperation, such as is now being provided on a growing scale, because inplant training is no doubt the most efficient way of inculcating new or different skills. Any insistence, under Federal law or union contract, that full-scale wages be paid to trainees during the training period is a gratuitous obstacle. Non-Federal collaborative action requires, also, educational programs which offer sound vocational training and guidance for those who do not want to enter college, and some of the brightest high school graduates do not. State and community employment services must be so organized and managed as to establish the best possible contacts between those seeking work and those employers who need more workers.

In all of this there is no real, constructive place for Federal action, which would be more costly than beneficial. The unemployed are individuals, people living in specific communities, not statistical units in a total. Most of them must find jobs in their home communities since, for many reasons, wholesale migrations to and fro across the country are neither feasible nor functional. The local businesses and industries, the local schools, and the local employment services are best equipped to discover the facts and are far more competent than a Federal bureau to deal with them effectively.

3. *Basic need is a better economic climate.*—A better environment should be created for the profit motive, which is the main driving force in a private, free enterprise economy. This is what the Employment Act of 1946 intends, as the Government's role in promoting the conditions under which the free private enterprise system can best achieve the objectives of maximum production, employment, and income. The efforts to realize profit or to avoid loss—since ours is a profit-and-loss economy—lead to new products, new plants, new processes, and new jobs. The quest for profit and the desire to avoid loss, in combination, allocate the available productive resources of the Nation into the channels where these results appear to be most fully attainable.

The principal areas in which Government policy can do most to improve the economic climate are taxation, labor, and the budget.

The most sensible approach to tax rate reform and to the correction of other bad features of the Federal tax system is that set out in H.R. 2030 and H.R. 2031. These bills are before the Ways and Means Committee. They should be considered and approved instead of the administration's tax program—a serious defect of which is that it increases tax burdens at some points as an offset to tax reductions at other points. Its contribution to net capital formation is likely to be nil. In contrast, the bills mentioned above would reduce tax burdens for all, including both corporations and individuals.

Federal labor policy permits actions by labor unions which, if engaged in by employers, would be subject to prosecution as conspiracies in restraint of trade. Collective bargaining is not an effort by both sides to ascertain what wages would be in a free labor market, but rather a process of pressuring employers to choose between the wage demands or an industrywide strike. The result, as noted above, is to increase unemployment to the extent that wages plus fringe benefits exceed the productivity of marginal workers.

Federal budget policy has been characterized, especially in recent years, by a steady increase of spending for purposes not connected with national defense. This policy has carried the budget expenditure estimates for 1963 to the third highest level in our history, being exceeded only by that of the war years 1944 and 1945. The justifications offered for the expansion of nondefense spending are that we can afford it and that urgent needs require it—such as in this case, the unemployed.

The unfounded economic doctrine back of proposals for social-benefit spending is the contention that Government spending induces economic growth. Government spending, in this view, increases economic product and, presumably, the more Government spends, the more the product is increased. Here is the basis of the argument that we can afford to spend more as GNP rises. In his economic message the President said:[3]

"With support from increased Government expenditures and other Government policies, the momentum of the recovery is expected to raise GNP to $570 billion for 1962 as a whole."

[3] Economic Report, 1962, p. 12.

The fallacy of this position is that Government purchases of goods and services do not create product. They are acquisitions of goods being produced in the private economy. Government procurement orders cannot be filled unless there exists somewhere plant, equipment, inventory, and personnel capable of producing the goods specified. Government spending is essentially a kind of consumption expenditure. It does not create capital but is dependent upon already created capital. The taxes required to support a high-level budget prevent the saving and investment essential to the creation of more capital. The extension of Government activities and expenditures—the growth of Government, does not promote, but is at the expense of, economic growth.

What is needed for greater economic growth and greater employment potential is not the acceleration of public works or other Government spending, but a bettering of the economic climate which will permit the forward advance of the private sector—not the public sector.

SUMMARY AND CONCLUSION

In discussing the proposal for standby authority to accelerate public works, the NAM has consciously not dealt in detail with the legislative particulars of the bills before this committee. Our opposition is based on broader grounds than the refinement of mechanics.

Briefly reviewed, these have been our points:

(1) Unemployment stems from a variety of causes. An accelerated public works program is incompetent to correct these causes.

(2) More public employment is not a long-term constructive answer to the unemployment we have. We need a more fruitful private sector in the economy, where greater use of capital will mean greater employment opportunities. So-called excess capacity does not mean an excess of capital. We have been subject to a deficiency, not an excess of capital.

(3) The primary causes of a declining rate of net capital formation are Government policies, mainly in regard to taxes, labor, and the budget, which impede saving and investment. Reform of these policies must deal with fundamentals, not with symptoms or stopgaps.

(4) The proposed standby authority to initiate emergency public works spending would be inappropriate and ineffective because—

(*a*) It assumes that more Government spending is the infallible remedy for economic problems;

(*b*) It would not deal with the basic causes of unemployment;

(*c*) It would not contribute to capital formation;

(*d*) It would not enlist prompt, extensive State and local participation; and

(*e*) It would do the bulk of the spending after recovery had set in.

(5) The proposal invites the Congress to relinquish legislative prerogative to the Executive.

The problems of unemployment, recession, productivity, and economic growth are matters of great concern to the business community as well as to the Government. Businessmen are fully as eager to find correct answers to these questions as are the economists and Government officials. The stake of businessmen in correct solutions is as great as that of the unemployed, for their profits and their ability to stay in business—their employment—are involved. The private economy is the area in which must occur the "maximum employment" of those who are "able, willing, and seeking to work." The role of Government is not to provide employment by adding to the public payroll. Rather its role, as indicated in the Employment Act of 1946, is to promote the conditions under which the private economy can best perform its function. This means that Government should keep out of the way of, rather than interfere with, the private economy. It means reliance on "free competitive enterprise" rather than on burdensome taxation, excessive regulation, deficit spending, special preference to groups or sections through price supports, subsidized credit, and competition with taxpaying citizens.

PROPOSAL TO REINSTATE CIVILIAN CONSERVATION CORPS FOR THE UNEMPLOYED

ERIE, PA. *February 2, 1962.*

HON. CARROLL D. KEARNS,
Congressman from Pennsylvania,
Washington, D.C.

MY DEAR CONGRESSMAN: I am writing this letter because of the unemployment problem in our State of Pennsylvania. Here in the city of Erie and other parts of the State, we are primarily concerned with that man or woman who is on the rolls of the unemployed because of a shutdown or a layoff, or for some other factor.

These men and women that we write of, have fixed responsibilities such as a family to care for, homes to maintain and many other problems of an aoult citizen. Unemployment is probably one of the greatest enemies of a family man or woman. Should we consider, then, that living on public relief is the future life for these men and women and their families?

We know that many suggestions have been made and considered, such as retraining, or public works projects, but we know that many of these people will not qualify for training because of overage or not enough education. Contractors who get these public works programs do not hire people on relief, but have their own help.

I am sending you photo copies of some of the many letters that I have received from business and professional people of this city of Erie, and you will note that we are suggesting a works program that many thousands of these unemployed people could qualify to work on; that is, the conservation of our natural resources of forests and waters.

This program that we propose would be similar to the old CCC works project, but instead of considering only young men and young women 16 to 21 years of age who have no fixed responsibilities, we propose that those people with families or in the overage group be given this work.

And again we are not primarily interested in how long it takes to clear and plant an acre of forest land, or how long it takes to build a dam or build a fire road, what we are interested in is how many unemployed people will receive work, and how much money they will take home.

In Pennsylvania we have nearly 2 million acres of forest and parks in which these people could work, therefore we are asking that you as our Representative immediately write a bill and present it at this session of Congress, as we have proposed.

Sincerely,

WILLIAM E. BEATMAN.

P.S.—I have also met with many of our county and municipal representatives, and they want you to know that they are also going to support this program.

JOBLESSNESS LABELED TOP U.S. PROBLEM

(By Hugh Fleming, Washington correspondent)

WASHINGTON.—Unemployment is the No. 1 domestic problem facing the present session of this Congress, Representative Robert E. Cook, representing northeastern Ohio, said Saturday.

"I believe," said Cook, "that the national figures are misleading in that there are many segments of the population which are not reflected as far as employment goes, such as those on relief, those over 65.

"Congress should give priority attention to taking legislative steps to build up the strength of America by correcting the chronic unemployment situation in our country."

The Ohio Congressman said that in this session of the Congress he is also vitally interested in legislation for medical care for the aged under social security, income tax revision that will assist American industries in modernizing their plants, a withholding tax on dividends and interest, a retraining program for the unemployed, an increase in postal rates and, a youth employment training program.

Cook said that pending and proposed foreign aid should be carefully scrutinized by this session so that much of the waste can be eliminated.

"I am in favor of a strong foreign policy, continued assistance to those areas of the world where we are threatened with the encroachment of communism, but I believe that the entire picture of foreign aid should be reviewed so that a second look is given to such countries as Yugoslavia and Poland, who have continued to support the international position of Soviet Russia."

[From the Erie Morning News, Oct. 20, 1961]

YOUTH CONSERVATION CORPS COULD REDUCE UNEMPLOYMENT

During the last session of Congress Senator Hubert Humphrey introduced a bill to establish a Youth Conservation Corps.

The purpose of the measure is to provide jobs for thousands of our unemployed youth.

The program outlined by Senator Humphrey is similar to that of the former Civilian Conservation Corps, which provided work for a lot of youths a quarter of a century ago planting trees, building forest recreation areas, constructing fire towers, blazing trails and roads in our timberlands, and constructing bridges.

The Nation is still benefiting from that work. And, according to Senator Humphrey, there is still need for a similar national conservation program today.

A recent report from the U.S. Department of Labor reveals an increasing number of jobless youth. Most of these young citizens failed to complete grammar school or high school. The growing technicalities of industrial work adds to the difficulties of finding work for these people.

The Federal Government is prepared to spend millions of dollars to retrain jobless industrial workers. And the experience of these workers aids in simplifying the task. But this program is of no benefit to the younger citizens who are in need of jobs.

Senator Humphrey's proposal for a Youth Conservation Corps appears to be the best solution offered to date.

In our opinion, Congress would be wise to start the machinery for the YCC when it reconvenes next year.

ERIE, PA., *June 23, 1961.*

To Whom It May Concern:

I, as manager of the Better Business Bureau of Greater Erie, Inc., feel that Mr. William Beatman's program on conservation of State lands by reforestation as a district permanent aid to the unemployment situation of those people whose age does not grant permanent employment in industry is very commendable.

I feel a bill such as this should receive immediately priority so Federal funds appropriation could be used to good advantage.

Very truly yours,

JAMES L. MCCARTNEY, *Manager.*

LAW OFFICES,
BLASS & PFADT,
Erie, Pa., November 21, 1961.

To Whom It May Concern:

This is to certify that I am well acquainted with Mr. William Beatman and feel that his proposition in regard to legislation benefiting reforestation for the improvement of conservation efforts, and providing work for the unemployed in connection therewith, is very commendable. I can only add my words of enthusiasm to his in his efforts to secure this constructive piece of work.

Very truly yours,

C. ARTHUR BLASS.

ERIE, PA., *November 15, 1961.*

To Whom It May Concern:

Mr. William Beatman, 2955 Poplar Street, Erie, Pa., has mentioned to me of his interest in a program to secure legislation which would result in the conservation of State land by reforestation of the district; combat unemployment among citizens, who, due to age, are no longer able to secure permanent employment in industry; and in general, bring about better business in our city.

I sincerely feel that such a bill encompassing this feature should be considered at once.

Very truly yours,

CARNEY, CARNEY, PALMISANO & WALSH,
By WILLIAM J. CARNEY.

MCNELIS, MCNELIS & ARDUINI,
ATTORNEYS AT LAW,
Erie, Pa., July 13, 1961.

Hon. STANLEY L. BLAIR,
Member of House of Representatives,
House Office Building, Harrisburg, Pa.

DEAR MR. BLAIR: I understand that Mr. William Beatman, of this city, has interested you in a program for conservation of State lands by reforestation, as a permanent aid to the reforestation of the district, and the unemployment problem, particularly facing those who cannot find work generally. I highly recommend such a bill, and feel it would serve two useful purposes.

Anything you can do in connection with this proposed bill will be appreciated, I am sure, by the public, and myself, in particular.

Very truly yours,

GERALD A. MCNELIS, SR.

LAW OFFICES OF MARSH, SPAEDER, BAUR, SPAEDER & SCHAAF,
Erie, Pa., November 9, 1961.

To Whom it May Concern:

Mr. William Beatman has explained to me his plan involving reforestation by means of utilizing the services of unemployed persons who by reason of age are unable to procure employment in industry. This strikes me as a most sensible proposal and one which would aid tremendously in conservation of natural resources, a problem that we always face, and would alleviate the problem of unemployment among a segment of our population which is available for such work which group today has need of such opportunities.

I commend this program to legislature as a fitting suggestion for serious consideration and implementation.

Very truly yours,

WILL J. SCHAAF.

CHASE, HANES, BIFULCO MANGAN,
ATTORNEYS AT LAW,
Erie, Pa., October 26, 1961.

Senator JOSEPH CLARK,
Senate Office Building, Washington, D.C.

DEAR JOE: I have been asked by Mr. William Beatman, of this city, about a possible amendment of the law pertaining to the establishment of a conservation corps.

Mr. Beatman feels that priority in the assignments for work in the conservation corps should be given to older persons who are less likely to find employment than younger men.

I believe that this is a good idea and I would personally appreciate anything you might do to put it into effect.

Sincerely yours,

JAMES G. HANES,
Attorney at Law.

WARNER THEATRES, INC. (PENNSYLVANIA),
WARNER THEATRE,
Erie, Pa., July 5, 1961.

To Whom It May Concern:

I am fully in accord with Mr. William Beatman's program for conservation of State lands by reforestation as a permanent aid in combating unemployment among citizens who, due to age, are no longer able to secure permanent employment in private industry.

I sincerely feel that such a bill encompassing this feature should be considered at once.

Sincerely,

H. T. RASTETTER, *Manager.*

AMERICAN FINANCE CORP.,
Erie, Pa., November 16, 1961.

To Whom It May Concern:

Mr. Beatman explained an excellent idea regarding legislation and planning of reforestation, he pointed out how this project could provide employment for families really in need.

I recommend this program to legislature and recommend serious consideration.

GEORGE K. KUHN, *Manager.*

F. W. WOOLWORTH CO.,
November 27, 1961.

To Whom It May Concern:

Mr. William Beatman's encouragement of legislation for reforestation is an excellent idea. Especially the idea that the project would provide work for the unemployed.

This would be a great help in the conservation of our forest resources, as well as a benefit to our economy.

Yours truly,

F. M. PALMER, *Manager.*

THE FIRST NATIONAL BANK OF ERIE,
Erie, Pa., July 11, 1961.

To Whom It May Concern:

Mr. William Beatman, 2955 Poplar Street, Erie, Pa., has mentioned to me of his interest in a program to secure legislation which would result in the conservation of State lands by reforestation.

It would seem to me that, in addition to conserving natural resources, such a program would assist in solving our chronic unemployment problem and, I believe, would be worthy of effort.

Very truly yours,

CHAS. J. HEIMBERGER, *President.*

ERIE SPORT STORE,
Erie, Pa., November 18, 1961.

To Whom It May Concern:

I wish to add my enthusiasm and support to Mr. Beatman in his efforts in the encouragement of legislation in reference to reforestation, both for the benefit of conservation and to provide work for the unemployed.

Sincerely yours,

JACK WEBER, *Manager.*

ERIE, PA., *November 28, 1961.*

To Whom It May Concern:

Mr. William Beatman's efforts to obtain expression from citizens regarding the proposition that legislation benefiting reforestation for the improvement of conservation and providing work for the unemployed in this manner are worthy of support.

I trust the project which he is endeavoring to bring before the proper authority will receive favorable consideration.

Very truly yours,

JOHN W. WEBER.

G. C. MURPHY CO.,
Erie, Pa., July 27, 1961.

To Whom It May Concern:

Mr. William Beatman's idea for the encouragement of legislation to provide a sound program in reforestation and to thereby assist in reducing the numbers of unemployed, contains considerable merit.

This idea should be explored in depth, all necessary details worked out, and legislation enacted to put the plan into effect.

Sincerely,

W. B. LITCHFIELD, *Manager.*

W. T. GRANT CO.,
July 3, 1961.

To Whom It May Concern:

I believe that Mr. William Beatman has a good idea in his encouragement of legislation and planning of reforestation, especially in its associated idea that this project can provide work for the unemployed.

I believe this would be a distinct help to our economy as well as in its long-time benefit of conserving our forest resources.

Yours truly,

E. J. STINNEFORD, *Manager.*

ERIE DRY GOODS CO.,
Erie, Pa., July 7, 1961.

To Whom It May Concern:

It has come to my attention of Mr. William Beatman's excellent idea in his encouragement of legislation and planning of reforestation, especially in its associated idea that this project can provide work for the Erie unemployed.

I believe this would be a distinct help to our economy as well as in its long-time benefit of conserving our forest resources.

Very truly yours,

LEONARD H. SCHLEICHER, *Vice President.*

THE ERIE COUNCIL OF CHURCHES,
Erie, Pa., November 29, 1961.

To Whom It May Concern:

Mr. William Beatman, 2955 Poplar Avenue, Erie, has talked with me about his plan for reforestation and conservation of public lands through the use of pople who are unemployed. It appears to me that both the objectives of this plan—care of our natural resources and the putting to work of employable people—are most commendable and should receive careful study by State and National Governments.

While I am in no position to know of possible difficulties that might be encountered in developing a workable plan to accomplish the objectives, I can surely express the hope that it will receive careful study and action in the form of enabling legislation if such is possible.

Sincerely,

ROBERT E. GRIMM, *Executive Minister.*

COMMODORE PERRY FINANCE CO., INC.,
Erie, Pa., November 15, 1691.

Mr. WILLIAM BEATMAN,
Erie, Pa.

DEAR MR. BEATMAN: Your excellent idea regarding utilizing those who are unable to secure employment is the most constructive idea I have heard.

Reforestation through this method certainly has my complete support.

Very truly yours,

E. R. MEYERS, *Secretary-Treasurer.*

THE CITY MISSION OF THE EVANGELICAL CHURCHES OF ERIE,
Erie, Pa.

Mr. WILLIAM E. BEATMAN,
Erie, Pa.

DEAR MR. BEATMAN: The other day William E. Beatman told me of a suggested program for the conservation of our State forest lands and reforestation. I believe this would be a fine program to organize and put in operation. It would give employment to many needy men. It would also beautify our forest lands.

Respectfully yours,

CLARENCE E. CHAMBERLAIN, *Superintendent.*

LAWRENCE HOTEL,
Erie, Pa., July 3, 1961.

To Whom It May Concern:

I as assistant manager of the Lawrence Hotel, Erie, Pa., feel that Mr. William Beatman's program on conservation of State lands by reforestation as a district permanent aid to the unemployment situation of those people whose age does not grant permanent employment in industry.

I feel a bill such as this should receive immediate priority so Federal funds appropriated could be used to good advantage.

Very truly yours,

E. A. GODMAIRE, *Assistant Manager.*

TRASK, PRESCOTT & RICHARDSON CO.,
Erie, Pa., December 1, 1961.

To Whom It May Concern:

The natural resources of this country have been the basis upon which our economy has been founded and built.

Mr. William Beatman's proposed use of the unemployed for a reforestation project would be doubly beneficial.

It would not only help to conserve our natural resources, but it would be a tremendous boom to the economy of this country.

We strongly urge that serious consideration be given to Mr. Beatman's proposal.

Very truly yours,

R. M. BECKER,
Controller and Treasurer.

(The following information was furnished by the Bureau of the Budget at the request of the committee:)

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., April 12, 1962.

Hon. CHARLES A. BUCKLEY,
Chairman, Committee on Public Works, House of Representatives,
Washington, D.C.

DEAR MR. BUCKLEY: In accordance with your request of March 29, we have reviewed the various expenditure programs of the Government for the purpose of determining the program accelerations which could be undertaken immediately, without requiring further congressional action. Since no appropriation bills have as yet been enacted for fiscal year 1963, this review of necessity has been limited to steps possible with funds already available, including the unexpended balances resulting from the President's directive of last fall to reduce fiscal 1962 expenditures.

The Bureau of the Budget has examined the possibility of accelerating programs under the assumption that the President might immediately reverse that directive. As would be expected, we find that the fiscal year 1962 program has by now largely been committed, and in many instances it is too late for the agencies to accomplish any significant reprograming within the balance of the year. In some cases, plans which earlier had been made for 1962 are now part of the 1963 budget program and the expenditures involved are already

included in the budget estimates for 1963. Where budget expenditures in 1962 can be accelerated with resulting direct increases in employment, the amount is relatively small, involving an increase in estimated expenditures for 1962 of only $10 to $15 million. Further, this amount is nationwide and the resulting increase in employment is not likely to be concentrated in redevelopment areas or areas of substantial labor surplus.

In addition, it would be possible to increase veterans' direct loans and rural housing loans by a total of approximately $50 million in fiscal 1962. Under the legal restrictions governing these programs, the loans would be concentrated in nonurban areas, many of which do not suffer from substantial unemployment. Indeed, a major portion of the Nation's unemployed is in industrial urban areas which would not qualify for loans under these programs.

The possible use of other unexpended balances of previously enacted obligational authority was also studied, and we believe we are already doing those things which can be effectively done. As a matter of fact, there is very little that could be done to aid distressed areas by accelerating the use of these unexpended balances. Some of the largest balances could not be used at all, because they represent standby authority for possible emergencies, such as the borrowing authority available to the Federal Deposit Insurance Corporation, the Federal home loan banks, and the International Bank for Reconstruction and Development. In other instances, the balances are for programs which require a very long leadtime before the expenditure is made, such as defense procurement (and the related maintenance and operation), urban renewal, and ship construction subsidies of the Maritime Administration. And in some activities where a further speedup is possible, the acceleration cannot necessarily be channeled to aid those areas which have not as yet shared equally in the general economic recovery—the rural housing and direct veterans' loans, mentioned earlier, are cases in point.

Although it should be self-evident, I must emphasize that in accelerating going programs the Government's efforts cannot and should not be directed at just spending money. Rather, we have to concentrate on providing needed services and facilities in an efficient and effective manner, consistent with the program objectives approved by the Congress. We are very conscious of our responsibility in this regard.

The limitations of presently approved programs and financing are such that the amount of discretion we have now is indeed small. We therefore believe that the emergency public works proposal of the President is necessary. It would provide needed facilities and related works, increase employment, and place the projects and the employment in areas of greatest need.

Sincerely yours,

DAVID E. BELL, *Director.*

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To be filed with history on PL 87-658

PUBLIC WORKS ACCELERATION

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HEARINGS

BEFORE THE

COMMITTEE ON PUBLIC WORKS
UNITED STATES SENATE

EIGHTY-SEVENTH CONGRESS

SECOND SESSION

ON

S. 2965 and S. 2817

TO AUTHORIZE STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF THE FEDERAL GOVERNMENT AND STATES AND LOCAL BODIES

APRIL 12 AND 13, 1962

Printed for the use of the Committee on Public Works

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PUBLIC WORKS ACCELERATION

THURSDAY, APRIL 12, 1962

U.S. SENATE,
COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The committee met, pursuant to call, at 9:30 a.m., in room 4200, New Senate Office Building, Senator Robert S. Kerr presiding.

Present: Senators Kerr, McNamara, Randolph, Young of Ohio, Gruening, Long of Hawaii, Smith of Massachusetts, Case, Prouty, and Fong.

Senator KERR. The committee will come to order.

The hearings on S. 2965 and S. 2817, and the amendment to S. 2965 will begin.

Senator Clark, joined by Mr. McCarthy, Mr. Pell, and Mr. Randolph, introduced this bill, S. 2965, for standby authority for the President to establish public works programs.

S. 2817 is to establish an Office of Public Works Coordination and Acceleration.

These will be made a part of the record at this point.

In addition, comments have been received from a number of the executive agencies and departments. These will be made a part of the record at this point.

(The exhibits referred to follow:)

[S. 2965, 87th Cong., 2d sess.]

A BILL To provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Standby Public Works Act of 1962".

FINDINGS AND PURPOSE

SEC. 2. The continuing policy and responsibility of the Federal Government is to use all practicable means, consistent with other essential considerations of national policy, to promote maximum employment, production, and purchasing power. The Congress finds that there have been periodic intervals when severe unemployment and loss of production and purchasing power have occurred and that repetition of these periods of severe unemployment and loss of production and purchasing power can be avoided, or their impact lessened, by prompt remedial action by the Federal Government as authorized in this Act. The Congress also finds that virtually every community in the Nation has a backlog of needed public works projects, and that an acceleration of these projects during such intervals will not only increase employment and expenditures at a time when such action is most urgently required, but will also meet longstanding public needs, improve community services, and enhance the health and welfare of the citizens of the Nation.

It is the purpose of this Act to provide standby authority which will enable the President to take quick and effective action to stimulate the economy by inaugurating a program of needed public works when unemployment indicators

and other economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives stated above, and to provide the President in such periods with authority (1) to immediately increase expenditures for direct Federal programs of public works previously authorized by law, and (2) to furnish an incentive to State and local governmental bodies to accelerate their public works programs through the initiation of projects which can be begun promptly and completed over a reasonably short period of time. It is the further intent and purpose of the Congress that departments and agencies of the Federal Government shall make advance plans for public works projects that will enable them to act promptly when the President initiates the program authorized by this Act, and that the Federal Government shall assist and encourage the States and local governmental bodies, under the provisions of existing law, to make advance plans for public works projects.

PUBLIC WORKS ACCELERATION PERIODS

SEC. 3. (a) The President is authorized to proclaim public works acceleration periods and exercise during such periods the powers conferred upon him by this Act. A public works acceleration period may be proclaimed—

(1) within sixty days after the date when data compiled and published by the Department of Labor reveal that the national unemployment rate adjusted for seasonal variations and stated to the nearest one-tenth of 1 per centum of the civilian labor force, (i) has risen in three of the four, or in four of the six, most recent consecutive months for which such data are available, and (ii) has risen by not less than 1.0 percentage point measured from the month immediately preceding such four- or six-month period to the last month of the period, and

(2) after the President has determined that existing employment and unemployment indicators and other available economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives of this Act.

A public works acceleration period shall begin on the day specified in the President's proclamation hereunder and shall terminate whenever the President finds and declares that the need for the program authorized by this Act no longer exists. Any public works acceleration period proclaimed by the President shall automatically terminate twelve months after initiated unless extended by joint resolution of the Congress. No funds provided under section 9(b) shall be obligated after termination of such public works acceleration period.

(b) No new public works acceleration period shall be proclaimed within the six-month period immediately following the date of termination of a prior public works acceleration period.

ACCELERATION OF FEDERAL PROJECTS

SEC. 4. In addition to the authority otherwise available to him, the President, during the existence of a public works acceleration period, may for the purpose of this Act, direct the departments and agencies of the executive branch, under such rules and regulations as he may prescribe, to accelerate existing Federal public works projects and programs or to initiate new projects and programs already authorized by law. Any such department or agency may use for such projects and programs funds made available pursuant in section 9 of this Act, in amounts prescribed from time to time by the President: *Provided*, That the aggregate of all funds prescribed by the President for the purposes of this section shall not exceed the applicable limitation in section 9(b).

ACCELERATION OF EXISTING FEDERAL GRANT PROGRAMS

SEC. 5. During the existence of a public works acceleration period, the President may direct the departments and agencies of the executive branch to make grants, upon application and under such rules and regulations as they may prescribe, to States, municipalities, local public bodies, and nonprofit organizations, to finance the initiation or acceleration of public works projects and programs for which Federal grants to such bodies and organizations are authorized by the Congress and under the terms and conditions prescribed by the Congress: *Provided*, That no grant under this section shall be subject to any limitation in other laws with respect to the apportionment of funds, the time in which grants may be made, or the aggregate dollar amounts of grants for any prescribed pur-

pose, project, or program: *And provided further*, That notwithstanding any limitation in other laws requiring a grant to be less than 50 per centum of the cost of undertaking or completing a project or program, grants may be made under the authority of this section which bring the total of Federal grants available for such projects or programs up to 50 per centum of the cost of undertaking or completing such project or program. Any department or agency may use for projects and programs authorized under this section funds made available pursuant to section 9 of this Act, in amounts prescribed from time to time by the President: *Provided*, That the aggregate of all funds prescribed by the President for the purpose of this section shall not exceed the applicable limitation in section 9(b).

GRANTS FOR PUBLIC WORKS PROJECTS NOT ELIGIBLE UNDER EXISTING PROGRAMS

SEC. 6. (a) During the existence of a public works acceleration period, the Housing and Home Finance Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to make grants to States, municipalities, and local public bodies to finance the initiation or acceleration of public works projects and programs which are not eligible for grants under other Acts of Congress.

(b) The Administrator may use for grants authorized under this section funds made available pursuant to section 9 of this Act, in amounts prescribed from time to time by the President: *Provided*, That the aggregate of all funds prescribed by the President for the purposes of this section shall not exceed the applicable limitation in section 9(b).

(c) The amount of any grant made under the authority of this section shall not exceed 50 per centum of the cost of undertaking and completing the project or program for which the grant is made.

FEDERAL LOANS

SEC. 7. (a) During the existence of a public works acceleration period, the Housing and Home Finance Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to purchase the securities and obligations of, or make loans to, States, municipalities, local public bodies, and nonprofit organizations which otherwise would be unable to meet their share of the cost of projects and programs for which grants have been authorized pursuant to sections 5 and 6 of this Act.

(b) All securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other financial institutions through agreements to participate or by the purchase of participations or otherwise.

(c) No securities or obligations shall be purchased and no loans shall be made including renewals or extensions thereof which have maturity dates in excess of forty years.

(d) Financial assistance extended under this section shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (A) 3 per centum per annum, or (B) the total of one-half of 1 per centum per annum added to the rate of interest required to be paid on funds obtained for the purposes of this section as determined by the Secretary of the Treasury as provided under subsection (e) of this section.

(e) The Administrator may use for loans authorized under this section funds made available pursuant to section 9 of this Act, in amounts prescribed from time to time by the President: *Provided*, That the aggregate of all funds prescribed by the President for the purposes of this section shall not exceed the applicable limitation in section 9(b): *And provided further*, That funds obtained by the Administrator for the purposes of this section shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the preceding fiscal year and adjusted to the nearest one-eighth of 1 per centum.

RESTRICTIONS AND LIMITATIONS

SEC. 8. The authority conferred by this Act shall be subject to the following restrictions and limitations:

(a) No financial assistance shall be made with respect to any project or program unless the project or segment of work, to be assisted under this Act—

(1) can be initiated or accelerated within a reasonably short period of time;

(2) will meet an essential public need;

(3) if initiated hereunder, can be completed within twelve months after initiation;

(4) will contribute significantly to the reduction of unemployment; and

(5) is not inconsistent with locally approved comprehensive plans for the jurisdictions affected, wherever such plans exist.

(b) Not more than 12½ per centum of the funds provided for in the form of grants pursuant to sections 5 and 6 of this Act shall be made available within any one State.

(c) Each department or agency administering financial assistance authorized by this Act shall adopt such rules, regulations, and procedures as will assure that no such assistance shall be made available to any State, municipality, local public body, or nonprofit organization unless such project or program for which the assistance is granted produces a net increase in the expenditures of the State, municipality, local public body, or nonprofit organization for public works projects approximately equal to the non-Federal contribution to the project or program.

APPROPRIATIONS AND INTERIM FINANCING

SEC. 9. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

(b) In order to expedite financing activities under this Act, the President may, during the existence of any public works acceleration period, cause the unobligated balances of appropriations, contract authorizations, revolving funds, and other authorizations to expend from public or corporate debt receipts available to the departments and agencies of the executive branch to be transferred to the appropriate accounts of such other departments and agencies in such amounts and at such times as he may deem appropriate and, notwithstanding the provisions of any other law, such transferred balances may be used for the purposes of this Act: *Provided*, That there are hereby authorized to be appropriated such amounts as may be required to restore such transferred balances not otherwise restored to the sources of funds from which they were derived: *And provided further*, That the aggregate amount of such unobligated balances transferred during any capital improvement period shall not exceed (i) $750,000,000 for the purpose of financing projects authorized to be assisted under section 4 of this Act, (ii) $750,000,000 for the purpose of financing projects authorized to be assisted under sections 5 and 6 of this Act, as allocated between said sections by the President, (iii) $250,000,000 for the purpose of financing projects authorized to be assisted under section 7 of this Act, and (iv) $250,000,000 to supplement funds available for sections 4, 5, 6, and 7 of this Act, as allocated among said sections by the President.

ADVANCES FOR PUBLIC WORKS PLANNING

SEC. 10. Section 702 of the Housing Act of 1954 is amended by striking out in subsection (e) "July 1, 1961;" and the remainder of the subsection, and inserting in lieu thereof, "July 1, 1961; and such additional sums which may be made available from year to year thereafter."

LABOR STANDARDS

SEC. 11. All laborers and mechanics employed by contractors or subcontractors on projects and programs assisted under section 6 of this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a–5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in

any workday or forty hours in the workweek, as the case may be. No such project or program shall be approved without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 3 of the Act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276c).

DELEGATION OF POWERS

SEC. 12. The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall specify. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions. Nothing contained in this section shall authorize the President to delegate the power to proclaim or terminate a public works acceleration period.

DEFINITIONS

SEC. 13. As used in this Act—

(a) The term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(b) The term "local public body" includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities, or political subdivisions of States; Indian tribes, and boards or commissions established under the laws of any State to finance specific public works projects.

(c) The term "public works" includes the construction, repair, and improvement of: public streets, sidewalks, highways, parkways, bridges, parking lots, airports, and other public transportation facilities; public parks and other public recreational facilities; public hospitals, rehabilitation and health centers and other public health facilities; public refuse and garbage disposal facilities, water, sewage, sanitary facilities, and other public utility facilities; civil defense facilities; public police and fire protection facilities; public educational facilities, libraries, museums, offices, laboratories, employee housing, and other public buildings; and public land, water, timber, fish and wildlife, and other conservation facilities and measures.

(d) The term "project" includes a separable, usable feature of a larger project or development.

(e) The term "segment of work" means a part of a program on which the work performed can be separately identified by location and will provide usable benefits or services.

[S. 2817, 87th Cong., 2d sess.]

A BILL To establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Works Coordination and Acceleration Act".

SEC. 2. (a) The Congress finds that there have been periodic declines in business activity causing severe unemployment and resulting in persistently high unemployment levels, loss of production, and loss of purchasing power, and that repetition of these periodic recessions can be avoided, or their impact lessened, by prompt remedial action by the Federal Government as authorized in this Act. The promotion of maximum employment, production, and purchasing power is the continuing policy and responsibility of the Federal Government. The Congress also finds that virtually every community in the Nation has a backlog of needed capital improvement projects, and that a quick and effective means of increasing employment and expenditures is by accelerating the construction of such projects. Thus, in addition to being a useful economic means for increasing employment and stabilizing the economy, public works construction will also meet longstanding public needs, improve community services, and enhance the health and welfare of the citizens of the Nation.

(b) It is the purpose of this Act to provide the necessary machinery to keep the President and the Congress informed on the status of public works construction and planning and to enable the President to take quick and effective action to stimulate the economy by inaugurating a program of needed capital improvements when unemployment indicators reveal persistently high levels of unemployment or indicate the beginning of a recessional pattern in the economy. In the furtherance of this purpose, the Act provides the President in such periods with standby authority (1) to increase immediately expenditures for direct Federal programs of capital improvements previously authorized by the Congress, and (2) to furnish incentives through Federal financial assistance to State and local governmental bodies to accelerate their capital improvement programs through the initiation of projects which can be begun promptly and completed over a reasonably short period of time. It is the intent of Congress that departments and agencies of the Federal, State, and local governments should make necessary advance plans for capital improvement projects in order to enable them to act promptly whenever the President initiates the program authorized by this Act.

SEC. 3. There is hereby established the Office of Public Works Coordination and Acceleration (hereinafter referred to as the "Office"). The Office shall be administered by a Director of Public Works Coordination and Acceleration (hereinafter referred to as the "Director"). There shall be a Deputy Director. The Director and the Deputy Director shall be appointed by the President by and with the advice and consent of the Senate. The Director shall receive compensation at the rate of $20,000 per annum, and the Deputy Director at the rate of $18,500 per annum.

SEC. 4. The Director shall encourage the coordination of planning policies for the construction of public works in the United States, and for this purpose shall—

(1) collect all necessary information from the head of each department, instrumentality, and agency of the Federal Government, and of State and local governments, having authority to construct public works.

(2) review such information and determine—

(A) what public works projects have been or are in the process of being planned for construction,

(B) what public works projects are required to meet national, regional, and community growth and economic development,

(C) what are the present policies of the various departments, agencies, and instrumentalities with respect to planning public works, and

(D) the extent to which the policies of each such department, agency, and instrumentality should be coordinated with an overall policy with respect to public works planning and construction, and methods for such coordination.

(3) report from time to time as he deems necessary but not less often than once each year to the President and Congress—

(A) all public works which are in the process of being constructed, those which have been or are being planned, and those which should be planned,

(B) any other recommendations with respect to planning and coordination of public works.

SEC. 5. The Director shall, to the fullest extent possible, cooperate with all departments, agencies, and instrumentalities of State and local governments to insure the greatest possible planning and coordination of public works projects at all levels of government.

SEC. 6. The Director is authorized to make such rules and regulations as may be necessary to carry out the purposes of this Act.

SEC. 7. (a) The Director is authorized to establish such advisory committees and to consult with such persons and organizations as he may deem necessary to carry out this Act.

(b) The Director shall, in carrying out this Act, utilize to the fullest extent possible the services, facilities, and information of all departments, agencies, and instrumentalities of government as well as private agencies in order to avoid duplication of effort and expense, and all the departments, agencies, and instrumentalities of the Federal Government shall provide the Director with such services, facilities, and information as he may determine necessary to accomplish the objectives of this Act on a nonreimbursable basis.

SEC. 8. (a) The Director is authorized and directed to prepare and to keep current at all times a public works plan which shall have as its basic purpose the acceleration of the construction of public works necessary to increase employment and to stabilize the economy when required to offset declines in economic activity.

(b) The public works plan authorized by subsection (a) of this section—

(1) shall provide for the acceleration of those Federal public works projects which have been authorized by Congress through the allocation of funds under this Act.

(2) shall provide for the acceleration of those public works projects of States and local governments for which Federal financial assistance is authorized under other provisions of law through the allocation of funds under this Act.

(3) shall give priority to those public works projects which can—

(A) be commenced within sixty days of the date the plan takes effect;

(B) meet essential public need;

(C) contribute significantly to the reduction of unemployment.

(c) All grants-in-aid made from allocations made by the Director under this Act shall be made by the head of the department, agency, or instrumentality of the Federal Government administering the law authorizing such grants in accordance with all of the provisions of such law, except (1) provisions requiring allocation of funds among the States, and (2) limitations upon the total amount of such grants for any period.

(d) Not more than 12½ per centum of all amounts allocated by the Director under this Act shall be made available to projects within any one State.

SEC. 9. (a) The plan which the Director is required to establish under section 8 of this Act shall go into effect, and the Director shall have authority to carry out the provisions of such plan, only during those periods when the President shall declare the plan to be in effect except that no such declaration shall be made unless:

(1) Data compiled and published by the Secretary of Labor shows (A) that the national unemployment rate, adjusted for seasonal variations, has risen in three of the four most recent consecutive months for which data is available, and (B) that the national unemployment rate, adjusted for seasonal variations, has risen by not less than 0.5 per centum during such period, or

(2) Data compiled and published by the Secretary of Labor shows that the national unemployment rate, adjusted for seasonal variations, has exceeded 5 per centum during four of the six most recent consecutive months for which such data is available.

(b) Whenever the President declares the plan authorized by section 8 of this Act to be in effect, such plan shall remain in effect until terminated by the President, or until the end of the twelfth full month which begins after the date such period begins, whichever first occurs.

SEC. 10. (a) During any period when the President has declared the public works plan authorized by subsection (a) of section 8 of this Act to be in effect, the Director is authorized to allocate—

(1) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the construction of Federal public works projects, such amounts as he determines necessary for the acceleration of the construction of such projects, and

(2) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of laws authorizing Federal financial assistance to public works projects of States and local governments, such amounts as he determines necessary for the acceleration of the construction of such projects through such Federal financial assistance.

(b) The total of all allocations made by the Director under paragraph (1) of subsection (a) of this section shall not exceed $500,000,000, and the total of all allocations made under paragraph (2) of subsection (a) of this section shall not exceed $1,500,000,000.

(c) Any allocation made under this section may be obligated immediately by the head of the department, agency, or instrumentality to whom it is made and shall continue to be available for obligation until the termination of the period during which the plan is in effect.

(d) There is hereby authorized to be appropriated such sums as may be necessary to liquidate obligations incurred under authority of subsection (c) of this section, and to otherwise carry out this Act.

SEC. 11. No part of any allocation made by the Director under subsection (a) of section 10 of this Act shall be made available to any State or local government for any public works projects unless such project results in a net increase in the current annual level of expenditures of such government for capital improvement projects. The head of each department, agency, and instrumentality of the Federal Government administering any program for financial assistance which receives an allocation under subsection (a) of section 10 of this Act shall promulgate such rules and regulations governing the review of expenditures for capital improvement projects of applicants for assistance from such allocation as may be necessary to carry out this section.

SEC. 12. Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new subsection:

"(e) During any period when the President has declared the public works plan authorized by section 8 of the Public Works Coordination and Acceleration Act to be in effect, the Administrator is authorized to make a grant-in-aid from any allocation made for such purpose under such Coordination and Acceleration Act to any public entity described in clause (1) or (2) of subsection (a) of this section of not to exceed 50 per centum of the cost of construction of any project for public works or facilities, if such project would be eligible (without regard to the restrictions and limitations of subsections (b) and (c) and the proviso of subsection (d) of this section) for financial assistance under subsection (a) of this section."

SEC. 13. Section 702 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(g) Nothwithstanding any other provision of this section, no advance made under this section for the planning of any public works project shall be required to be repaid if—

"(1) construction of such project is begun within two years of the date of completion of the plan as determined by the Administrator, or

"(2) construction of such project is begun (during a period when the President has declared the public works plan authorized by section 8 of the Public Works Coordination and Acceleration Act to be in effect) as a result of a grant-in-aid made from an allocation made under such Coordination and Acceleration Act."

[S. 2965, 87th Cong., 2d sess.]

AMENDMENTS

Intended to be proposed by Mr. CHAVEZ (by request) to the bill (S. 2965) to provide standby authority to accelerate public works program of the Federal Government and State and local public bodies, viz:

On page 3, following line 8, insert the following paragraph at the end of section 2:

"In addition, the Congress finds that (i) certain communities and areas of the Nation are presently burdened by substantial unemployment and underemployment and have failed to share fully in the economic gains of the recovery from the recession of 1960–1961 and (ii) action by the Federal Government is necessary, both to provide immediate useful work for the unemployed and underemployed in these communities and to help these communities, through improvement of their facilities, to become better places in which to live and work. It is the intent and purpose of the Congress to provide for an immediate program of assistance for capital improvements in those areas."

At the proper place in the bill add the following new section 8 and renumber succeeding sections accordingly:

"IMMEDIATE AID TO AREAS OF SUBSTANTIAL UNEMPLOYMENT

"SEC. 8. (a) In areas currently designated by the Secretary of Labor as having been areas of substantial unemployment in each of the twelve immediately preceding months, and in areas currently designated as 'redevelopment areas' pursuant to the Area Redevelopment Act, projects or programs otherwise authorized to be assisted under sections 4, 5, 6, and 7 of this Act may be assisted thereunder, with funds made available under this section, without regard to the provisions in those sections and section 3 requiring the proclamation and existence of a capital improvement acceleration period and without

regard to any limitation on the aggregate amount of funds which may be prescribed by the President for the purposes of any such section. For the purposes of this section there is hereby authorized to be appropriated the sum of $600,000,000 which may be allocated by the President among sections 4, 5, 6, and 7 of this Act.

"(b) The President shall prescribe rules, regulations, and procedures which will assure that adequate consideration is given to the relative needs of the areas eligible for assistance. In prescribing such rules, regulations, and procedures, the President shall consider among other relevant factors: (1) the severity of the rates of unemployment in eligible areas and the duration of such unemployment, and (2) the income levels of families and the extent of underemployment in eligible areas.

"(c) If the President determines that an area suffering unusual economic distress (because of a sustained extremely severe rate of unemployment or an extremely low level of family income and severe underemployment) does not have economic and financial capacity to assume all of the additional financial obligations required, a grant otherwise authorized pursuant to this section for a project or program in such area may be made without regard to any provision of law limiting the amount of such grant to a fixed portion of the cost of the project or program."

In sections 3, 4, 5, 6, and 7 strike "9" wherever it appears and insert "10".

In line 17 on page 10 and in line 3 on page 11, insert "sections 4, 5, 6, and 7 of" prior to the word "this".

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., April 6, 1962.

Hon. DENNIS CHAVEZ,
Chairman, Committee on Public Works, U.S. Senate,
New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your requests for comments on S. 2817, the proposed "Public Works Coordination and Acceleration Act" and S. 2965, the proposed "Standby Public Works Act of 1962."

Both of these bills would provide standby authority for the President, upon a stated rise in the rate of unemployment, to accelerate public works construction in order to avoid serious nationwide unemployment levels. In this respect, therefore, both would be generally consistent with the recommendations made by the President in the various messages transmitted to Congress early in this session.

S. 2965 incorporates the specific proposals transmitted to the Congress by the President on February 19, 1962. On March 26, 1962, the President also transmitted to your committee a proposed amendment to the earlier draft bill to provide for the immediate initiation of a $600 million capital improvements program in areas which have not shared fully in the recovery from the 1960–61 recession.

There are major differences between the two bills. S. 2817 would establish a new and independent Office of Public Works Coordination and Acceleration to carry out the provisions of the act, including the allocation of funds; S. 2965 would use existing agencies not only to plan and construct specific capital improvements and to make grants and loans for such purposes, but also to coordinate the planning and execution of the total program. S. 2817 would finance the accelerated program by providing $2 billion in contract authorizations; S. 2965 would authorize temporary transfer of a similar amount of unobligated balances of existing obligational authority. S. 2817 would concentrate most of the assistance provided on federally aided State and local projects and, unlike S. 2965, would not limit newly initiated projects to those which could be completed within 12 months or which would not be inconsistent with comprehensive plans for local areas. S. 2817 would waive repayment of public works planning advances during certain periods; S. 2965 would remove the present ceiling on appropriations authorized for such advances.

The draft legislation, incorporated in S. 2965, represents the President's considered judgment, after careful consideration of these and other features. The explanations for the specific provisions will be discussed when the various agencies appear before your committee.

Since S. 2965 carries out the President's recommendations, the Bureau of the Budget recommends its enactment, in preference to S. 2817.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., April 2, 1962.

Hon. DENNIS CHAVEZ,
Chairman, Committee on Public Works,
U.S. Senate.

DEAR MR. CHAIRMAN: This is in reply to your request of March 15, 1962, for a report on S. 2965, a bill "To provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies."

This Department recommends that the bill be passed.

The bill would enable the President to inaugurate a program of needed capital improvements when unemployment indicators and other economic data disclose the beginning of a recessional pattern in the economy.

This Department carries out various conservation programs in cooperation with State and local agencies involving Federal financial and other assistance for improvements installed on private as well as public lands, such as the program for watershed protection and flood prevention, and the cooperative forestry programs. We assume it is the intent of the bill to include in the definition of "capital improvement" facilities and measures installed under these and other similar conservation programs of the Department.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

DEPARTMENT OF THE ARMY,
Washington, D.C., April 4, 1962.

Hon. DENNIS CHAVEZ,
Chairman, Committee on Public Works,
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your requests for the views of the Department of the Army with respect to S. 2817, 87th Congress, a bill "To establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes," and S. 2965, "To provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies."

S. 2817 would establish an Office of Public Works Coordination and Acceleration, with a Director to be appointed by the President. The Director would be authorized to encourage the coordination of planning policies for the construction of public works in the United States. The Director would review information collected from Federal, State and local agencies having authority to construct public works and determine (1) what projects are being planned, (2) those required, (3) the planning policies of the various agencies, and (4) the extent to which such policies should be coordinated with an overall policy, and methods for such coordination. Report would be made at least once a year to the President and Congress as to all phases of public works planning, and the Director would cooperate with State and local agencies to accomplish optimum planning at all levels. The Director would also be authorized to keep current a public works plan with the purpose of acceleration of public works construction necessary to increase employment and to stabilize the economy. The plan would go into effect upon declaration by the President during a period of a rising unemployment rate as prescribed in the bill and would remain in effect no more than 1 year. The Director would be authorized to allocate not to exceed $500 million for acceleration of Federal public works construction and not to exceed $1,500 million for Federal assistance to acceleration of State and local public works construction.

S. 2965 would provide standby authority which would enable the President to take quick and effective action to stimulate the economy by inaugurating a program of needed capital improvements when unemployment indicators and other economic data clearly reveal the beginning of a recessional pattern in the economy, and would provide the President in such periods with authority (1) to immediately increase expenditures for direct Federal programs of capital improvements previously authorized by the Congress, and (2) to accelerate

Federal grant and loan programs to assist State and local governmental bodies in capital improvement projects. Appropriations would be authorized and the President empowered, during a capital improvement period, to transfer unobligated balances of appropriations and contract and borrowing authorities of any department or agency. Funds made available could be used only for projects or programs which could be initiated or accelerated within a reasonably short period of time and can be completed within 1 year. These measures would be carried out within the present organizational framework of the executive branch of the Government.

As indicated in the congressional findings in section 2 of the bills, the primary ultimate objective in the case of each bill is to promote maximum employment, production and purchasing power through stimulation of the economy by inaugurating capital improvements when high levels of unemployment indicate the beginning of a recessional pattern. The Department of the Army fully supports this worthy objective.

S. 2965, with the title rewritten and some minor changes, is the same as the legislation which the President submitted to the Congress on February 19, 1962. The Department of the Army, on behalf of the Department of Defense, recommends favorable consideration of S. 2965 as a desirable measure to combat the serious economic problem of (in the words of the President's message of that date) "repeated downward turns in our economy which diminish both national strength and individual opportunity."

The civil works program of the Department of the Army is made up, in the main, of major resource development projects. The planning and construction of such projects usually requires several years. Since the kind of program which would be authorized by the proposed bills is intended to accelerate employment very quickly, and to bring it to an acceptable level over the relatively short period of 12 months, it is obviously not intended to constitute the means by which the Federal Government would accelerate its long-range resource development programs, should that also become necessary in order to restore the Nation's economy. In other words, the proposed legislation would not affect, to a major degree, the main body of the civil works program; that is, the long-range resource development component thereof. Nevertheless, the Department of the Army would be able to make a very substantial contribution toward the attainment of the short-range objective of these bills by accelerating certain phases of that program. An inventory of the possibilities indicates that during the 12 months of a capital improvement acceleration period this Department could effectively utilize, in connection with its civil works program, about $85 million in the construction of small projects and the improvement of existing major projects. A considerable proportion of this amount would be used to provide the additional facilities urgently needed as a result of the spectacular growth of the recreational load at civil works reservoirs. Another large item would be the construction of small flood control and navigation projects. There would also probably be opportunities for accelerating the completion of major projects previously placed under construction. This accelerated program could be carried on without rendering it impossible for the Corps of Engineers to accelerate the long-range resource development component of the civil works program, should that also become necessary and provided for in other legislation.

With respect to the military construction program of the Department of Defense, authorizations and appropriations are now substantially in balance; consequently, the passage of this legislation would have no substantial effect until additional authorization is provided. Within the limits of any existing authorization, the Department of Defense could accelerate both going construction and new starts which would have an immediate effect on unemployment. In addition to the authorized construction projects, there is always some backlog of repair projects which can be accomplished quickly provided additional funds are made available to the maintenance and operations accounts for this purpose.

In addition to the construction programs currently authorized and financed, the potential for replacement construction and deferred repair work of the Department of Defense is more than sufficient to absorb the full amount of $2 billion specified in S. 2965.

As you may know, the Department of Defense is trying to plan 5 years in advance, but, in view of our advancing technology and shifting world situation, the execution of such plans will be subject to change which may affect our base structure and location. Consequently, any substantial acceleration of military projects could result in waste. We believe that the proper policy for military

projects would be to limit acceleration of construction to those projects already authorized and financed and to limit the application of the new program to a reasonable amount of deferred repair items.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely yours,

ELVIS J. STAHR, JR.,
Secretary of the Army.

THE SECRETARY OF COMMERCE,
Washington, D.C., April 12, 1962.

Hon. DENNIS CHAVEZ,
Chairman, Committee on Public Works,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your requests for the views of this Department concerning S. 2817, S. 2965, and an amendment to S. 2965 proposed by Senator Chavez (by request).

The Department recommends enactment of S. 2965 and the amendment thereto proposed by Senator Chavez, in preference to enactment of S. 2817.

Both S. 2817 and S. 2965 as originally introduced, would authorize an accelerated capital improvements program during periods of increased unemployment. The proposed amendment to S. 2965 would authorize in addition an immediate $600 million capital improvements program for redevelopment areas and other areas designated by the Secretary of Labor as having been areas of substantial unemployment in each of the 12 preceding months. This amendment would implement the recommendation made by the President in his letter of March 26, 1962, to the chairman of the Senate and House Public Works Committees.

For several reasons the Department believes S. 2965 to be preferable to S. 2817. S. 2965 would provide for the program to be administered by existing agencies while S. 2817 would establish a new agency for its administration. It would appear that utilization of existing agencies would be the more efficient and economical approach. Under S. 2965 the President during any capital improvement acceleration period could make funds available immediately by transfers of unobligated balances of appropriations. Under S. 2817 only contract authorization would be available without further congressional action. This could lead to delay in achieving maximum benefits from the accelerated program, if the Congress happened not to be in session at the time such action became necessary. Finally, S. 2965 would achieve maximum added employment as quickly as possible since it would require that any project initiated or accelerated under its provisions be capable of completion within 12 months, contribute significantly to alleviation of unemployment, meet an essential need, and not be inconsistent with any comprehensive local plan which may be in existence. S. 2817 places no limitations on expected time of completion and makes no provision for avoiding inconsistency with local plans.

The Department believes that the standby capital improvements program proposed in S. 2965 will provide a quick, flexible, and effective means of combating any future general decline in business activity. The proposal would permit action to be taken during the very first stages of an economic downturn, as soon as the economic indicators have clearly shown that there is such a downturn, and continued only as long as the situation warrants. Past experience clearly shows the desirability of such a program.

The immediate program of capital improvements in redevelopment areas and other areas designated by the Secretary of Labor as having been areas of substantial unemployment in each of the 12 preceding months which would be authorized by the proposed amendment to S. 2965 is of particular importance to us because of the responsibilities assigned to the Department under the Area Redevelopment Act. As the President stated in his letter to you, "We have been making a strong recovery from the recession of 1960–61 * * * we look for a strong and continued expansion throughout the year and into 1963." But the recovery has not been strong enough to solve, as the President says, "the serious problems of prolonged large-scale unemployment and economic distress in hun-

dreds of communities in all sections of the country" which were left in the wake of two recessions in the last 5 years. These communities deserve help now and should not have to wait until another recession to obtain such help.

In providing help to such communities now, we not only bring help in terms of immediate job opportunities, but we help make precisely the public improvements which could add significantly to the permanent redevelopment of the communities involved.

We believe that S. 2965 and the proposed amendment thereto represent an investment in our country's future and are an essential tool in assuring the economic growth necessary to the Nation's future prosperity. For these reasons we urge enactment of S. 2965 and the proposed amendment.

The Bureau of the Budget advised there would be no objection to the submission of this report from the standpoint of the administration's program and further that enactment of S. 2965 and the proposed amendment thereto would be in accord with the program of the President.

Sincerely yours,

EDWARD GUDEMAN,
Acting Secretary of Commerce.

FEDERAL AVIATION AGENCY,
Washington, D.C., April 16, 1962.

Hon. DENNIS CHAVEZ,
Chairman, Committee on Public Works,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request of March 15, 1962, for this Agency's views on S. 2965, a bill to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

S. 2965 would provide standby authority to enable the President to take quick and effective action to stimulate the economy when necessary by immediately increasing expenditures for Federal works programs previously authorized and by furnishing incentives to State and local governments to accelerate their public works programs. This authority would be exercisable after determination that existing employment and unemployment indicators and other economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives of the bill.

On March 27, 1962, this Agency's Deputy Administrator for Administration testified before the Committee on Public Works, House of Representatives, in favor of H.R. 10318, a bill similar to S. 2965.

We believe that it is highly desirable for the President to be supplied with standby authority to take quick and effective action to stimulate the economy when there is evidence of a recessionary trend. This authority should be in place so that action can be taken promptly to strengthen the economy when the need arises without the kind of delays required to secure new legislation or any additional appropriations. We therefore favor enactment of the bill.

The Bureau of the Budget has advised that there is no objection from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely,

N. E. HALABY, *Administrator.*

REPORT ON S. 2965, 87TH CONGRESS—A BILL TO PROVIDE STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF THE FEDERAL GOVERNMENT AND STATE AND LOCAL PUBLIC BODIES

FEDERAL POWER COMMISSION,
March 26, 1962.

The purpose of this bill, as stated in section 2, is "to provide standby authority which will enable the President to take quick and effective action to stimulate the economy by inaugurating a program of needed public works when unemployment indicators and other economic data clearly reveal that extraordinary action is needed" to relieve the problems of unemployment. The standby authority of the President would include authority: (1) to immediately increase expenditures for direct Federal programs of public works previously authorized by law; and (2) to furnish an incentive to State and local governmental bodies to accelerate

their public works programs. It is the further intent of the bill to induce the departments and agencies of the Federal Government as well as State and local governmental bodies to complete plans for public works projects in advance of the need for them.

To implement the above-stated objectives, specific provisions of the bill would set up procedures and criteria for the approval and acceleration of projects and the extension of Federal grants and loans to aid the planning and construction of such works. However, the provisions of sections 3 and 8(a)(3) placing restrictions on the length of the period during which the President may obligate funds and requiring completion within 12 months of any project or segment thereof initiated under the bill would tend to preclude large water resources projects from securing financial assistance.

The Federal Power Commission is not an agency which constructs or operates public works projects or facilities, nor is it responsible for authorizing Federal financial assistance to such projects. Consequently, we would not be directly affected by the proposed legislation.

Under the provisions of various acts, including the Flood Control and River and Harbor Acts, the Federal Power Act, and others, the Federal Power Commission, for many years, has been assigned responsibilities for cooperating with the major Federal constructing agencies (the Bureau of Reclamation and the Army Engineers) in planning the power features of comprehensive plans for development of water resources within the principal river basins of the country.

Based upon our experience in the review and analysis of water resources plans, we recognize that there are many projects which are economically feasible and which the Federal Government could construct at once. On the other hand, there are many projects which are economically of a more marginal nature, and can be deferred until such time as this work is needed to alleviate recessions in our economic growth. However, the detailed planning and engineering design for such marginal projects must be completed in advance of any recession to enable actual construction to begin at once when it would be most helpful to our economy.

The Federal Power Commission, in the exercise of its power planning functions, stands ready to cooperate with other Federal agencies by rendering advice and assistance in identifying and formulating water resources projects in which the capital resources of the country could be devoted during periods of recession in a manner that would make an overall long-range contribution to the national economy.

The Commission supports measures designed to promote and improve coordinated planning and development of water resources. To this end, it should be noted that the Commission generally endorses the purposes and objectives of the proposed Water Resources Planning Act (S. 2246 and H.R. 8177, 87th Cong.), which would set up a water resources council and authorize the establishment of regional or river basin commissions to study water resources problems. Enactment of that legislation should facilitate the work of the various Federal constructing and lending agencies in their consideration of water resources projects under S. 2965.

JOSEPH C. SWIDLER, *Chairman.*

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., April 12, 1962.

Hon. DENNIS CHAVEZ,
Chairman, Committee on Public Works,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Your letter of February 9, 1962, requested the views of the General Services Administration on S. 2817, 87th Congress, a bill to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes.

Basically, the proposed legislation would provide standby authority for the President to take quick and effective action to stimulate the economy by accelerating capital improvement programs of the Federal Government and State and local public bodies when unemployment indicators reveal persistently high levels of unemployment or indicate the beginning of a recessional pattern in the economy.

Also, it would establish an independent Office of Public Works Coordination and Acceleration for the purpose of (1) keeping the President and the Congress informed on the status of public works construction, planning, and those public works needed to meet national, regional, and community growth and economic development; (2) encouraging and suggesting methods by which public works planning policies of the Federal Government and the instrumentalities of State and local governments can be coordinated to insure maximum effectiveness and efficiency in public works construction; (3) keeping in readiness a public works acceleration plan should a public works acceleration period be proclaimed by the President; and (4) allocating the funds provided for under the proposed legislation to the respective departments, agencies, and instrumentalities of the Federal Government for use in accelerating programs under their jurisdiction in accordance with the public works acceleration plan proclaimed by the President.

As you know, the public works programs of General Services Administration are authorized under the Public Buildings Act of 1959 which vests with the Administrator of General Services the authority and responsibility for acquiring and constructing public buildings and altering existing public buildings by repairing, remodeling, improving, or extending, or making other changes in public buildings. This act provides a procedural charter for determining the public building needs of the Federal Government and for securing authorization for their requirements, construction, and alteration. Projects for construction of public buildings or acquisition of buildings to be used as public buildings, involving an expenditure in excess of $100,000 in each case, and for alteration of public buildings involving an expenditure in excess of $200,000 in each case, are required to be approved by resolution adopted by the Committee on Public Works of the Senate and House of Representatives, respectively.

As a result of the programing actions under the 1959 act, GSA normally maintains in an unfunded category a backlog of authorized construction and alteration projects which would be susceptible to acceleration under the provisions of S. 2817. However, since section 8(b)(3)(A) of the bill would require that priority be given to those projects which can be commenced within 60 days of the date the public works plan takes effect, medium and larger size buildings programed for construction by GSA would not be subject to acceleration thereunder for the reason that the time required for obtaining funds, soliciting bids, and awarding contracts exceeds 60 days. There exists, however, a programed backlog of repair and improvement projects costing less than $200,000 each, which would generally be susceptible to acceleration under the proposed legislation.

Two of the most important differences between S. 2817 and a similar bill pending before your committee as S. 2965 are the provision in the former bill for the establishment of an independent Office of Public Works Coordination and Acceleration and the financing provisions of that bill.

We believe that the establishment of an Office of Public Works Coordination and Acceleration as contemplated by S. 2817 is neither necessary nor desirable in connection with the planning, coordination, and administration of a public works acceleration program. It is felt that such planning, coordination, and administration can best be handled through those existing agencies which now have program authority and which presently are engaged in public works or other programs on behalf of the President.

We also believe that the financing provisions of S. 2817 are inferior to those contained in S. 2965. The former bill in section 10 thereof merely provides a contract authorization, but once the contracts or other obligations have been incurred, there is no way to make payments on such obligations until the Congress appropriates the necessary funds to liquidate them. Furthermore, S. 2817 adds to the obligational authority on the books of the Government, for a purpose which is only conditional or contingent in nature. We believe that it would be more desirable to provide instead for interim financing through transfers of both obligational and expenditure authority as contemplated by S. 2965.

While the General Services Administration is in accord with the objectives of S. 2817 we would not for the reasons stated above favor its enactment. Instead we recommend the enactment of S. 2965.

The effect of the enactment of this bill on the budgetary requirements of the General Services Administration cannot presently be estimated.

The Bureau of the Budget has advised that there is no objection to the submission of this report to your committee and that the enactment of S. 2965 would be in accord with the program of the President.

Sincerely yours,

BERNARD L. BOUTIN, *Administrator.*

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington.

Hon. DENNIS CHAVEZ,
Chairman, Committee on Public Works,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in response to your request for a report on S. 2965, a bill to help achieve the objectives of the Employment Act of 1946 by providing standby authority to accelerate capital expenditure programs of the Federal Government and State and local public bodies, and S. 2817, a bill to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes.

S. 2965 is a proposal of the administration to provide the President with standby authority to accelerate capital expenditure programs of the Federal Government and of State and local public bodies in order to arrest and reverse a downward movement in economic activity in the early stages of its development. It is one of three proposals presented by the President in his Economic Report as a comprehensive program to strengthen the economy against recession.

Upon the appearance of a specified rise in unemployment coupled with the appearance of related recessionary trends in the economy, S. 2965 would authorize the President to proclaim a capital improvement acceleration period lasting no longer than 12 months unless extended by joint resolution of Congress. During this period the President would be authorized to direct within an additional cost limitation of $750 million, the initiation or acceleration of existing Federal capital improvement projects otherwise authorized by law. He would also be authorized to direct, within a $750 million authorization equally available for projects authorized by the Housing and Home Finance Administrator, as described below, the initiation or acceleration of capital improvement projects under otherwise authorized Federal grant programs (but, for this purpose, without regard to certain existing limitations currently imposed upon such grant programs). During such period the Housing and Home Finance Administrator would be authorized within the $750 million authorization also available to the President for the acceleration of currently authorized Federal grant programs, to make grants to State and local public bodies to finance up to 50 percent of the cost of capital improvement projects not eligible under other Federal programs. The Administrator would further be authorized to make loans aggregating $250 million to States, municipalities, and local public bodies to assist them in financing their required share of the cost of projects for which Federal grants are authorized under the bill. A project may be assisted only if it can be completed within 12 months after its initiation. In order to expedite the financing of programs under the bill, the President would be authorized to transfer unobligated balances of appropriations and other authorizations available to the executive branch, within the above-mentioned amount limitations plus an additional $250 million to be allocated among the bill's programs as the President may determine.

In addition, if amended as proposed by the President in his letter to you of March 26, 1962, S. 2965 would also authorize the immediate initiation of a $600 million capital improvements program in these sections of our country which have failed to share fully in the economic gains of the recovery from the recession of 1960–61.

S. 2817, although similar in purpose, differs in a number of its details. Among these differences, the bill would create on Office of Public Works Coordination and Acceleration for its administration, would not authorize the making of Federal loans to finance the required State or local share of projects for which Federal grants would be authorized by the bill, would not limit aid to projects that could be completed within 12 months after initiation, would authorize $500 million for acceleration of direct Federal projects and $1½ billion for acceleration of Federal grant programs and new grant programs for com-

munity facilities (as against the $750 million/$750 million of S. 2965), and would be financed through the normal appropriations procedure.

The two major capital improvement support programs administered by this Department—the construction of sewage treatment works under the Federal Water Pollution Control Act, and the construction of hospitals under the Hill-Burton program—would be eligible for acceleration under both bills. Under the water pollution control program there is a backlog of over 2,000 applications in process and preparation for sewage treatment works construction grants, involving a potential aggregate Federal contribution of some $227 million as against a probable budget of some $90 million. A majority of those proposed projects could be completed within 1 year of their initiation. Under the Hill-Burton program some 1,100 projects involving a Federal share of $597 million could be approved in fiscal year 1963, if there were no limitation on available assistance, as compared to a probable Federal expenditure of about $170 million. Those projects costing less than $1 million could be completed within 1 year.

We are in full accord with the general objectives of both bills. We also believe that a useful purpose would be served if, as proposed by S. 2817, there were maintained an up-to-date inventory of current and prospective public works construction projects, and that increased attention were accorded problems of coordination in this field. We do not believe, however, that the attainment of these goals requires the establishment of a new Government agency. The planning and coordination that is necessary to assure the initiation or acceleration of the most useful projects, when the economic situation requires such action, can best be done by the agencies which currently have program authority, with central leadership furnished through the agencies that now coordinate public works and other programs on behalf of the President.

For this reason, and in view of the other differences between the bills, we recommend enactment of S. 2965, amended as proposed by the letter of the President.

The Bureau of the Budget advises that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely,

WILBUR J. COHEN,
Assistant Secretary.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., April 2, 1962.

Hon. DENNIS CHAVEZ,
Chairman, Committee on Public Works,
U.S. Senate, Washington, D.C.

DEAR SENATOR CHAVEZ: Your committee has requested a report on S. 2965, a bill to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

We favor the enactment of the bill.

The bill would provide standby authority for the President to take quick action to stimulate the economy by inaugurating a program of needed capital improvements when unemployment indicators and other economic data reveal the beginning of an economic recession. Such capital improvements would be brought about through: (a) increased expenditures for initiation and acceleration of projects under existing Federal programs, (b) increased expenditures for initiation and acceleration of projects and programs under existing Federal grant programs, (c) expenditures for a new Federal grant program for capital improvement projects and programs not eligible for existing grant programs, (d) expenditures for a new Federal loan program to States and local governmental bodies which need assistance to meet their share of the cost of projects and programs authorized under (b) or (c) above, and (e) expenditure of additional sums to be allocated by the President to supplement programs under (a), (b), (c), or (d) above.

The bill is attractive because the term public works is defined to include "public land, water, timber, fish and wildlife, and other conservation facilities and measures." Thus, the considerable needs of the public lands for soil and moisture conservation work, reforestation, and similar conservation measures could be met in part whenever a public works acceleration period is proclaimed. Such conservation work is susceptible to prompt initiation and rapid performance required by section 8(a) of the bill.

Also, the Bureau of Sport Fisheries and Wildlife of this Department has a backlog of needed capital improvement projects; namely, needed repair and development work at a great number of national wildlife refuges, national fish hatcheries, and research laboratories, which would qualify under the terms of the bill and which should be accelerated.

For example, the Bureau could eliminate a large backlog of deferred maintenance work on roads, buildings, fire protection facilities, water control structures, recreation facilities, etc., on 150 national wildlife refuges. It could accelerate development work on nine national wildlife refuges on which advance planning has been completed. It also could accelerate development of public use facilities on 11 national wildlife refuges having major recreational use. In addition, the Bureau could accelerate capital improvement projects at 55 national fish hatcheries and other projects at 16 fishery and wildlife research laboratories.

Section 5 of the bill provides for the acceleration of existing Federal grant programs and would exempt grants from any limitation in existing law "with respect to the apportionment of funds, the time in which grants may be made, or the aggregate dollar amounts of grants for any prescribed purpose, project, or program." The Bureau of Sport Fisheries and Wildlife administers Federal grants-in-aid programs and provides assistance to the 50 States through the Federal aid in restoration program authorized in the act of September 2, 1937, as amended (16 U.S.C. 669–669j) and the Federal aid in fish restoration program authorized by the act of August 9, 1950, as amended (16 U.S.C. 777–777k). It is likely that certain States would desire to take advantage of the program authorized in the bill and to accelerate the development of certain existing State fish and game facilities or to construct new facilities which they are unable to accomplish under present financial arrangements.

Indian reservations, where low income, underemployment, and marginal job opportunities are the rule rather than the exception, are among the first areas to feel the impact of periodic recessions. The bill provides for the acceleration of capital improvement programs of the Bureau of Indian Affairs and of Indian tribes (which are included in the definition of the term "local public bodies"), which can make major contributions toward alleviating the impact of economic recessions. Examples of these activities are the construction of roads, schools, municipal centers, employee housing, and soil and moisture control facilities.

In the areas administered by the National Park Service, ample opportunities are afforded for a capital improvements expansion program. A huge backlog of construction work involving roads, trails, buildings, and utilities of greatly diversified types could be put underway on short notice which would expand, rehabilitate or enhance the recreational opportunities and values present therein. In addition, considerable work could be quickly and usefully done in the protection of these areas through such programs as soil and moisture conservation, erosion control, and in their rehabilitation through the removal of obtrusive structures, obsolete roads and trails, and other developments.

We recommend the following amendment for purposes of clarification:

On page 14, line 5, after "public" insert "and Indian."

Although Indian tribes are, by definition in the bill, a local public body, and although Indian tribal land might for this limited purpose be considered public land because it is owned by a public body, the status of Indian-allotted land is not clear. Because Indian tribal and Indian allotted land are so checkerboarded in many instances it would be impractical to undertake many conservation facilities and measures without including both types of land. The amendment suggested above is intended to make clear that the term capital improvement project includes a soil and moisture project on both types of Indian land.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

JAMES K. CARR,
Under Secretary of the Interior.

THE GENERAL COUNSEL OF THE TREASURY,
Washington, April 5, 1962.

Hon. DENNIS CHAVEZ,
Chairman, Committee on Public Works,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on S. 2965, to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

The President in his state of the Union message of January 11, 1962, recommended the enactment of Presidential standby authority to accelerate Federal and federally aided capital improvement programs upon a given rise in the rate of unemployment. On February 19, 1962, the President sent a communication to the Senate on the matter, together with an accompanying draft bill. S. 2965 incorporates, with minor changes, the draft bill submitted by the President.

The Department recommends favorable consideration of the proposed legislation.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely yours,

ROBERT H. KNIGHT, *General Counsel.*

Senator KERR. We are very glad to have Senator Clark here at the hearing. We will hear from you now.

STATEMENT OF HON. JOSEPH S. CLARK, U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Senator CLARK. Thank you very much, Mr. Chairman. I appreciate very deeply the privilege of being the first witness before your committee on this legislation. I believe I will save the time of the committee and the chairman by asking permission to have inserted in the record the statement which I have prepared in support of this legislation and then to summarize it briefly.

Senator KERR. It will be made a part of the record at the conclusion of your testimony.

Senator CLARK. This legislation has a long legislative history. I was a member of a Special Senate Committee on Unemployment of which Senator McCarthy of Minnesota was chairman which made its report in March of 1960. That committee recommended standby public works legislation; in May of 1960, I introduced a bill embodying that recommendation, cosponsored by all of the other majority members of the Special Committee on Unemployment, and it was referred to the Banking and Currency Committee. No effort was made of course, to act on that bill during the few remaining weeks of that Congress.

Our work in that Special Unemployment Committee involved a pretty careful economic study of the recessions of 1949, 1954, 1958. We concluded on the basis of our studies and the sound testimony of economic experts, that a prompt public works program patterned after the PWA, not the WPA but the PWA, of the depression years would have had a substantial effect in checking those three recessions early in their course and thus in preventing the sever declines which occurred in the absence of the stimulus of a public works program.

We therefore urged that legislation be on the books in advance, so that precious time would not be lost in the event of future downturns. In other words, as President Kennedy reminded us in his message

recommending S. 2965, the time to repair the roof is when the sun is shining.

The conclusions of this Special Committee on Unemployment have been buttressed by at least two reports made by the Joint Economics Committee, the latest on March 8 of this year. In that report they endorsed in principle the idea of standby public works legislation to become effective whenever the economic indicators made it clear that a recession was getting underway and unemployment was substantially increasing.

Last year, as chairman of the Subcommittee on Employment and Manpower of the Committee on Labor and Public Welfare, I held hearings on a bill quite similar to the amendment which the chairman of this committee, Senator Chavez, has proposed to S. 2965. At those hearings, various economists and Mr. Meany, the chairman of the AFL–CIO, testified in support of an immediate public works program to help speed recovery from the 1960–61 recession.

That bill (S. 986), as the Senator from West Virginia (Mr. Randolph) well knows, was carefully considered in our subcommittee. But we withheld action, because the President at that point was unwilling to endorse the bill, in view of his keen desire to keep the budget for the coming fiscal year in balance. Subsequently, as the result of a number of discussions with the executive branch, including the Secretary of Labor, Mr. Goldberg, the Chairman of the Council of Economic Advisers, Dr. Heller, we revised the legislation to make it a standby bill to deal with any new recession rather than a bill to authorize immediate expenditures.

The President recommended the enactment of such legislature in his economic message earlier this year, and it was introduced as S. 2965. Subsequently, he recommended an additional sum of $600 million for an immediate program, which has been incorporated in the Chavez amendment.

So I will summarize by saying that there has been a long and careful legislative study of this proposal going back for several years.

The effects of these periodic recessions on the economy as a whole and on the budget in particular must be very clear indeed.

As a result of the last recession the deficit for fiscal 1961 was $3.9 billion and for fiscal 1962 will probably come pretty close to $7 billion. And, of course, it is still too early to know what is going to happen in fiscal 1963, but I think that a conservative might say that the balanced budget which the President sent down to Congress in the early days of this year is, to put it mildly, precarious.

The recession has pyramided the cost to both State and Federal Governments of unemployment compensation and public assistance. The Nation has lost forever many billions of dollars of potential production and consumption. Millions upon millions of people have suffered financially, physically, and psychologically.

Acceleration of public works is one way to stem recessions at the outset, when things first begin to turn down. But I emphasize that acceleration will not take place, at the time and to the extent it should, unless the Congress makes the policy decision in advance and places the necessary legislation on the statute books. It just does not work to say that we will wait and repair the roof when the rain begins.

May I point out that had S. 2965 been on the statute books at the time of the last recession it would automatically have come into effect in October of 1960. And I am confident it would have done a great deal to lessen the effects of that recession and to turn the country back on the road to recovery at a far earlier date than actually was done.

The only alternative to standby legislation is to leave it to the Congress to act when a recession begins. But in October of 1960 the Congress was in recess, and hardly in a position to meet and to pass this legislation, a month before the presidential election.

The shift of power from the Eisenhower to the Kennedy administration in January naturally caused the normal amount of dislocation. It would have been a well-organized executive branch, indeed, which would have been ready to move when Congress did come back into session in January of 1961.

I suggest that the history of past recessions makes clear how important it is that there should be standby emergency employment legislation available to the President to become effective in accordance with strict standards laid down by the Congress.

I suggest this is not an abdication of our legislative responsibility. It is merely a direction to the Executive to take action if, as, and when particular economic conditions come into effect.

I turn now, Mr. Chairman, to the Chavez amendment which, as you know, was offered by the chairman of this committee at the request of the President in a letter which came down on March 26, 1962.

This Chavez amendment is quite similar to the bill which I introduced last year and on which hearings were held by the Subcommittee on Employment and Manpower of the Labor and Public Welfare Committee.

With your permission, Mr. Chairman, I would like to file with this committee the record of those hearings, because I believe they will be of assistance to the members of this committee when they consider this legislation.

This proposal, which would authorize $600 million for immediate expenditure, is a logical extension of the theory of the standby bill. It recognizes that, even though we are now in the recovery stage of the economic cycle, recovery is slow and the unemployment figure, in particular, remains stubbornly high.

I would like to mention briefly the very serious situation which exists in my home State of Pennsylvania and which has caused me to press as strongly as I can for legislation of this type.

We are, perhaps, the most industrialized State in the Union and our prosperity in the past has been built on coal, on steel, on the textile industry, and to a lesser extent on railroads.

Much of the textile industry has moved out. The markets for anthracite coal are vanishing. Automation has decreased drastically the number of jobs in the soft coal industry and automation in the steel industry is presently resulting in massive unemployment.

Our statewide unemployment at the moment stands at 400,000, which is 8.6 percent of our Pennsylvania labor force. There are areas in Pennsylvania, notably the Uniontown-Connellsville area, south of Pittsburgh, where the unemployment rate is presently around 22 percent.

Senator KERR. Would you give the names of those areas again?

Senator CLARK. The Uniontown-Connellsville area, an old bituminous coal area.

Senator KERR. Thank you. All right. And the unemployment there is 22 percent?

Senator CLARK. Twenty-two percent.

In the Johnstown area, Cambria County, it is 16 percent. In Schuylkill County it is 13.5 percent. In the Wilkes-Barre-Hazelton-Scranton area it is 12 percent. In the entire Pittsburgh, Pa., area it is today almost 10 percent.

This is the critical condition in my Commonwealth.

Only in the area along the Maryland and New Jersey borders east and south of the Allegheny Mountains is Pennsylvania in a bearable economic condition.

The entire western sector consists either of low-income rural counties with family farmers in trouble——

Senator KERR. At least in recession.

Senator CLARK. Yes, at least in recession. And where employment opportunities for farmers who need part-time work are not available. And for the rest we have these chronic and persistent areas of labor surpluses about which I have been commenting.

We, I think, have done perhaps more than any other State to help ourselves. The Pennsylvania Industrial Development Authority is a model throughout the country. It has already provided 32,558 job opportunities for Pennsylvania citizens.

Our local self-help organizations, again, I believe, have become the model for action by depressed communities throughout the Nation. We have advanced schedules on State and local public works in the amount of several hundred million dollars, using our own resources, but employment in our basic industries are so hard hit that we are barely holding our own.

Pennsylvania needs jobs. It needs them now. And I know that I do not have to emphasize this to my dear friend from West Virginia whose own State is in even a worse condition than mine.

Economists have estimated that the Chavez amendment which would make $600 million available for emergency public works would create between 150,000 and 200,000 man-years of employment—or that many new jobs. We compute, on the basis of our share of total unemployment in eligible areas, that Pennsylvania would get about 20,000 jobs out of this legislation and most of them within a few weeks. As to whether the Pennsylvania communities are prepared to accept this legislation, there is no doubt in my mind that they are. City after city has on its drawing boards plans for immediate public improvements, a substantial proportion of which could be put under contract immediately and could be rushed through completion within a 12-month period. But they do not have the resources to put all of these public works under construction immediately; and, therefore, they have stretched them out over a period of years in order to bring them within the capacity of their communities with a certain amount of State aid to finance them.

Senator CASE. I did not quite catch the figure, Senator Clark, that you gave as to the number of jobs that you thought would be created by the $600 million.

Senator CLARK. We figure between 150,000 and 200,000.

Senator CASE. Directly?

Senator CLARK. Directly and indirectly, including jobs in the industries producing materials and jobs resulting from expenditures by the persons directly employed.

Senator CASE. I am quite interested in what the figure was, because my understanding is that Mr. George Meany of the AFL–CIO testified before the House committee that it was his estimate that the $600 million, plus matching State funds, would create about 90,000 jobs and that would result in 135,000 additional jobs in the consumer industry and in wholesale and retail trade. And that the total would be about 235,000 jobs.

Senator CLARK. I am a little more conservative. I say between 150,000 and 200,000. My basic assumptions are the same as Mr. Meany's.

Senator CASE. I am not sure just what figure he had in mind for the matching State funds.

Senator CLARK. Fifty percent; the Chavez amendment.

Senator CASE. It is 50 percent in the amendment?

Senator CLARK. Yes. That is what the President recommends.

In conclusion, Mr. Chairman, the testimony received last year which I am filing with the committee makes clear that almost every one of the 900-odd communities which would be eligible for assistance under the Chavez amendment are in the same situation as the Commonwealth of Pennsylvania and its communities. They all have projects that must be undertaken sooner or later. Many of them should have been done long ago. These projects add to the wealth of the Nation. This is not a leaf-raking proposition. This is not a WPA. This is not making work in desperation to take people off of the relief rolls. This is the creation of needed public works which are already approved in communities which badly need them, but cannot presently finance them.

I suggest that the time to undertake them is now when we have an excessive number of idle hands eager to end their idleness and to go to work, to make their individual contribution to our national well-being.

Thank you very much.

(The prepared statement of the Honorable Joseph S. Clark, U.S. Senator from the State of Pennsylvania, follows:)

STATEMENT OF HON. JOSEPH S. CLARK, A U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Mr. Chairman, I desire to address myself first to S. 2965, which I had the honor to introduce on behalf of the Kennedy administration, with the cosponsorship of Senators McNamara, Randolph, and Pell; and then to the amendment offered by the able chairman of this committee, Senator Chavez, again at the suggestion of the President.

The proposal for a standby public works bill as embodied in S. 2965 was, to my knowledge, first advanced by the Special Senate Committee on Unemployment Problems, which made its comprehensive report in March of 1960. That committee, headed by Senator McCarthy, of Minnesota, had among its members four of the senior members of this committee—Senators McNamara, Randolph, Cooper, and Prouty. The other members were Senators Hartke, McGee, Scott, and I.

Recommendation No. 10 of the McCarthy committee reads as follows:

"In order that the Federal Government may act promptly to stimulate employment at the beginning of a recession, the committee recommends adoption of a series of standby measures which would take effect automatically when rising

unemployment indicated the onset of a recession. These standby measures should include:

"(*a*) Advance authorization for Federal public works of a type which permit rapid acceleration during periods of high unemployment.

"(*b*) A program of loans for community facilities.

"(*c*) An emergency housing program."

This recommendation had the unanimous support of the committee majority, although I believe the minority report did not contain a comparable recommendation.

The committee based its recommendation upon an analysis of the three postwar recessions, those of 1949, 1954, and 1958.

The committee concluded that governmental policies had been inadequate both to prevent the recurrent slumps and to deal with them once they were clearly underway.

Let me read briefly from our report:

"In each of the three recessions, the economic decline as measured by unemployment continued for a year or more before the upturn began. All three recessions lasted longer than should have been tolerated, and inflicted deep injury upon millions of families.

"For more than a generation the use of public works as a countercyclical device has been advocated by leading economists. During boom periods, the argument runs, public works should be curtailed to relieve inflationary pressure; during periods of recession they should be expanded to take up the slack."

In each of the three recessions, emergency action began to be discussed shortly after the downturn began. But weeks and even months of argument followed as to whether and how to act. Those members of this committee who were in the Congress in 1958 will remember the months that were spent in a largely futile discussion over whether something should be done to check the recession that was then beginning, and, if so, what the action should be. Eventually, besides an emergency unemployment compensation act, we expedited some Federal public works and we passed an emergency housing bill. Other measures were considered and finally rejected. But by the time the decisions were made, to again quote our committee report, "the recession had run its downward course, the damage had been done, and the uphill climb had begun. A public works program enacted at that point might well have been too late to serve its purpose."

The committee concluded that a prompt emergency public works program might have checked all three of the postwar recessions earlier and resulted in briefer and less severe declines. We therefore urged that legislation be on the books in advance, so that precious time would not be lost in the event of future downturns. In other words, as President Kennedy reminded us in his message recommending S. 2965, the time to repair the roof is when the sun is shining.

I have quoted at length from the report of the Special Committee on Unemployment Problems because that committee is the only body ever created by either House of the Congress with the express and exclusive assignment of studying unemployment in all its aspects, and this bill is the direct outgrowth of the recommendations of that committee.

A group that is perhaps even more authoritative, the Joint Economic Committee of the Congress, has on at least two occasions—most recently in its report issued March 8—endorsed the principle of S. 2965.

Following the report of the McCarthy committee, all six members of the committee majority joined in cosponsoring a bill embodying its recommendations for a standby public works bill. This bill, introduced in May of 1960, was referred to the Committee on Banking and Currency, but no effort was made to have it considered during the few remaining weeks of that Congress.

By coincidence, just as that bill was being introduced, the economic cycle, as measured by the employment figures, reached its peak and began again to slide. Nobody expected the next downturn to begin so soon—indeed, before we had even recovered from the last recession, but that is what happened. Between May of 1960 and February of 1961, unemployment rose from under 3.5 million to 5.7 million. The seasonably adjusted rate of unemployment rose to nearly 7 percent by December 1960, and it remained at that level for 11 consecutive months.

We all know the disastrous effects of this latest economic slump. It has thrown the Federal budget badly out of balance, being largely responsible for the $3.9 billion deficit last year and an estimated $7 billion deficit this year.

We see estimates of a $4 billion deficit next year. The recession has pyramided the cost to both State and Federal Governments of unemployment compensation and public assistance. The Nation lost forever many billions of dollars of potential production and consumption. Millions upon millions of people suffered financially, physically, and psychologically, and all of it unnecessarily, had we but fashioned the economic tools to prevent and deal with these recurrent economic crises.

Acceleration of public works is one such tool. But I emphasize that acceleration will not take place, at the time and to the extent it should, unless the Congress makes the policy decision in advance and places the necessary legislation on the statute books. It just does not work to say that we will wait and repair the roof when the rain begins.

Consider the situation in the last recession. If S. 2965 had been on the books, it would have come into effect automatically in October of 1960. By that date the recessionary trend was clear and, from an economic standpoint, the timing would have been ideal for fiscal measures to check the downspin and start the economy moving upward again.

The alternative to enacting standby legislation is to rely on the Congress to act quickly and decisively at the right time. But how could the Congress have acted on any subject in October of 1960? It was not in session, and could not conceivably have been called into session for that purpose. By the time the new administration took office, in January, the upturn was apparently starting. If the recovery was rapid, then the stimulus of public works would not be needed. Any new administration necessarily needs time to get organized and consider and adopt its policies. In any event, because the roof had not been repaired while the sun was shining, the rains poured in. One more tragic recession ran its course.

The President has now said: "Let us learn from the experience of 1949, 1954, 1958, and 1960-61. Let us prepare in advance so that we can move with speed and effectiveness the next time the economy turns down—as, judging by the entire experience of the past, it is sure every few years to do." I urge this committee to heed the President's plea.

Now I turn to the amendment proposed by the President and filed by Senator Chavez.

This proposal, which would authorize $600 million for immediate expenditure, is a logical extension of the theory of the standby bill. It recognizes that, even though we are now in the recovery stage of the economic cycle, recovery is slow and the unemployment figure, in particular, remains stubbornly high.

I will leave to other witnesses a description of the present national economic picture. But let me speak briefly from the standpoint of my own Commonwealth.

Pennsylvania, as perhaps the most industralized State in the Union, has suffered more than its share from each of the postwar recessions. We happen to be the home of several basic industries—especially coal and steel—where productivity has risen with extraordinary rapidity and employment has accordingly declined.

Our statewide unemployment stands at 400,000. Of our 67 counties, 51 are classified as distressed areas eligible for aid under the Area Redevelopment Act. In addition, our largest labor market area, that of Philadelphia, which includes five counties, is listed as an area of "substantial labor surplus."

Pennsylvania has perhaps done more than any other State to help itself. The Pennsylvania Industrial Development Authority has participated in financing industrial enterprises which have provided 32,558 job opportunities. Our local self-help organizations have become the model for action by depressed communities throughout the Nation. We have advanced the schedules on State and local public works in the amount of several hundred million dollars, using our own resources. But employment in our basic industries is so hard hit that we are barely holding our own.

A number of the long-term measures already enacted to deal with unemployment problems will be of great help. We are now receiving the initial benefits of loans and grants from the Area Redevelopment Administration, enacted last year. We are making preparations to participate actively in retraining our labor force with the assistance of the Manpower Development and Training Act, enacted last month. We are making strides in modernizing our educational system.

But, frankly, these are long-term measures, and Pennsylvania needs jobs now.

The Chavez amendment would produce an estimated 150,000 to 200,000 man-

years of employment. Based on our proportion of unemployment in areas eligible under the amendment, we would gain perhaps 20,000 of those jobs.

During the hearings on this amendment before the House Public Works Committee, one of the members remarked that this number of jobs, in the light of total unemployment, is just "peanuts." That may be true, but peanuts are mighty good to eat, when you're hungry, and they can keep you alive, when you're starving.

We need those 20,000 jobs to tide us over until the recovery picks up greater speed, and until the longer term measures begin to take effect.

To those who say that $600 million is a lot of money, I point out that Pennsylvania alone paid out $341 million in unemployment compensation, last year alone. It seems to me far, far better to get something for our money, in the way of necesary public works, than to pay it out as a dole and get nothing whatever in return.

A leading newspaper has called the proposed program a new WPA, with the implication that the money will be spent for useless boondoggling. Nothing could be further from the truth. The American Municipal Association estimates that the backlog of programed State and local public works is $25 billion. The Commonwealth of Pennsylvania has in its capital budget 32 projects being planned for which funds have not yet been appropriated. Their total cost will be over $50 million. We plan to cover the State with a network of area technical schools, for vocational training of young people and for the retraining of workers under the new Federal act. This is the kind of essential projects for which Pennsylvania will spend its share of the funds under this program.

The city of Philadelphia has a list of projects totaling $42.7 million which can be completed within a 12-month period. It is broken down as follows:

	Million
Airport improvements	$1.5
Transit improvements	5.0
Health facilities	1.1
Street lighting, grading and paving	6.3
Water and sewer construction	22.4
Recreation facilities	5.8
City hall rehabilitation	.6

I do not mean to imply, of course, that any one city would get assistance on so large a program. Testimony received last year by the Subcommittee on Employment and Manpower of the Committee on Labor and Public Welfare makes clear that almost every one of the 900-odd communities which would be eligible for assistance under the amendment is in the same situation as the Commonwealth of Pennsylvania and the city of Philadelphia.

They all have projects which must be undertaken sooner or later. Many of them should have been done long ago. These projects add to the wealth of the Nation. They add to the welfare and comfort and convenience of our citizens. The time to undertake them is now, when we have an excessive number of idle hands eager to end their idleness and go to work to make their contribution to our national well-being.

Senator KERR. Thank you very much, Senator Clark. I wonder if you would explain briefly how S. 2965 would meet this situation?

Senator CLARK. It would not immediately. It is for that reason that I urge the Chavez amendment. S. 2965 has a series of standards on page 3, section 3, which states the conditions under which the standby program would come into effect.

To summarize, the program would be triggered within 60 days after the date when data published by the Department of Labor—that is the Bureau of Labor Statistics, with the assistance of the Census Bureau—reveal that the national unemployment rate, adjusted for seasonal variations, has risen in three of the four, or in four of the six, most recent consecutive months for which such data are available, and has risen by not less than 1 percentage point measured from the month immediately preceding such 4- or 6-month period to the last month of the period, and after the President has determined that existing em-

ployment and unemployment indicators and other available economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives of this program.

Then the program triggers in. The objectives of the act, generally speaking, what I have outlined and are set forth in section 2 of the bill which appears on pages 1, 2, and 3.

Senator KERR. Well, now, as I read it, a public works acceleration period comes into being by Presidential proclamation.

Senator CLARK. Yes, sir; assuming the basic standards have been met.

Senator KERR. I understand that he is not authorized to issue the proclamation until the basic standards do exist.

Senator CLARK. That is right.

Senator KERR. And when he finds that they exist he is authorized to declare a public works acceleration period, as indicated on page 10, line 23:

> *Provided,* That there are hereby authorized to be appropriated such amounts as may be required to restore such transferred balances not otherwise restored to the source of funds from which they were derived; *And provided further,* That the aggregate amount of such unobligated balances transferred during any capital improvements period shall not exceed (i) $750,000,000 for the purpose of financing projects authorized to be assisted under section 4 of this Act; (ii) $750,000,000 for the purpose of financing projects authorized to be assisted under section 5 and 6 of this Act, as allocated between said sections by the President; (iii) $250,000,000 for the purpose of financing projects authorized to be assisted under section 7 of this Act; and (iv) $250,000,000 to supplement funds available for sections 4, 5, 6, and 7 of this Act, as allocated among said sections by the President.

Does that mean that if the President implemented this program, if this legislation passed, by determining that the existing employment and unemployment indicators and other available economic data clearly revealed that extraordinary action is deemed to be necessary pursuant to the objectives of this act and thereby brings about a situation as described on page 4 of the public works acceleration period, that it shall begin on the date specified in the President's proclamation, and then after that has been done, and the $2 billion has been used, and then the situation is such that the same condition of unemployment exists that triggered the implementation of this first acceleration period—if the same condition is again prevailing immediately or still prevails, under this act would he not then have the authority, within 60 days thereafter, to trigger another program with the $2 billion authority under this bill?

Senator CLARK. I think not, Mr. Chairman, but I would prefer to have that question answered by the Director of the Bureau of the Budget who, I understand, will be your witness this morning and who is responsible for the preparation of the legislation.

Senator KERR. That is all right. I will be glad to have him do that.

It seems to me that the authority must be in here, and that is the way I understand it, else the proviso at the top of page 11 would not be necessary.

Senator CLARK. You may well be right. My own view is that it should be a one-shot piece of legislation.

Senator KERR. Now, then, the Chavez amendment, is that in addition to the $2 billion or is it a part of it?

Senator CLARK. In addition.

Senator KERR. As I understand the Chavez amendment it authorizes or it would permit—rather, it authorizes an additional $600 million program which will be implemented by appropriations by the Congress.

Senator CLARK. The Senator is correct. May I say in all candor that my own view is that the standby legislation—while I believe it is highly desirable, I would urge this committee to take favorable action on it—will have some difficulty in Congress, and that the $600 million of the Chavez amendment is needed right now, and I would hope that the committee would separate the amendment from the standby bill and report them separately, in the hopes that we can get the Chavez amendment as separate legislation enacted promptly. This is my personal view.

Senator KERR. Senator Case.

Senator CASE. In other words, Senator Clark, you think that there is no realistic possibility that the so-called $2 billion standby deal could pass this session of Congress?

Senator CLARK. I hope I am wrong, Senator Case. I would hate to take the risk of having the Chavez amendment defeated because the major legislation could not be passed, because the immediate money is desperately needed right now in my State and West Virginia and in a number of other areas.

Senator CASE. You would prefer then that this committee concentrate upon the approach of considering the Chavez amendment as an independent bill so as to get it up for early and more likely passage?

Senator CLARK. It is a question of priority. And I would earnestly urge the committee to give careful and prompt consideration to S. 2965, but I would hope that in your deliberations you would put out the fire which is now burning before you try to fix the roof during sunny weather.

Senator CASE. You referred to the Chavez amendment earlier as making a requirement of 50 percent in local contributions, but as I read it, paragraph (c) of section 8, indicated in the print of the Chavez amendment—which is on page 3 of the amendment. Does not that wipe out the 50-percent requirement?

Senator CLARK. On what line is that?

Senator CASE. Lines 10 to 19.

Senator CLARK. I must have a different copy.

Senator CASE. It reads:

> If the President determines that an area suffering unusual economic distress (because of a sustained extremely severe rate of unemployment or an extremely low level of family income and severe underemployment) does not have economic and financial capacity to assume all of the additional financial obligations required, a grant otherwise authorized pursuant to this section for a project or program in such area may be made without regard to any provision of law limiting the amount of such grant to a fixed portion of the cost of the project or program.

Senator CLARK. That, sir, is a provision lifted from the area redevelopment bill. Where a municipality is, I guess, insolvent—that perhaps may be a little too strong a word, but where a municipality is in grave financial distress—on such a finding a grant of more than 50 percent can be made, but there has to be a very definite finding by the Administrator that the local community is unable to put up its normal 50-percent share.

Senator CASE. But, nevertheless, it seems to me that, for instance, in the case of pollution control, in such a project if the President had the authority to wipe out the 30-percent local contribution requirement and in the case of hospital grants under the Burton-Hill Act, it would give the President the authority to wipe out the requirements of a local contribution on that project.

Senator CLARK. The Senator is correct in extraordinary cases. Let me give an example where I think that would be very sound. I suspect that in West Virginia there are many communities very much like this. In Westmoreland County, Pa., there is a little town on the banks of the Monongahela River. This town has no sewage disposal plant. It is under orders from the State sanitary board in Harrisburg to build such a plant. This community, of 6,000 population, has no industry within its borders. Fifty percent of its residents are living on pensions, unemployment compensation, and relief. There is just no possibility at all for this community to raise any part of the funds necessary to build that sewage disposal plant.

And I suggest to my friend from West Virginia that he might have many communities in his State that are in the same condition.

Senator CASE. I would suspect there are, probably, many communities throughout the country that are not in a position to raise the 30 percent required for pollution control projects, and yet some of them might, also, come under the interdiction of a sanitary board. Would this lay the groundwork for wiping out the 30-percent requirement?

Senator CLARK. I do not take that view, Senator, although I can understand your reasoning. It does seem to me that we have to give some flexibility to administrators. I think they are always pretty careful in giving grants of this sort, because they know quite well that not only the Congress but the Comptroller General is going to be breathing down their necks if they make grants to communities which can afford to finance part of the costs themselves.

Senator CASE. There would be a tremendous ground swell of pressure throughout the country, in every community, regardless of the unemployment situation, if the President were given the authority to wipe out the 30-percent requirement or an even larger requirement with regard to hospital projects. Do you not think that would be general?

Senator CLARK. I am sure that there would be a great ground swell. I would not have much doubt that the President would resist it.

We are building up experience under the Redevelopment Act, and I can assure you that the administrators in my State are being very tough, indeed.

Senator CASE. Are you familiar with the percentage that Pennsylvania contributes to the Federal budget on programs like this?

Senator CLARK. I do not have the figures in my head. I can easily get them. It is a rough rule of thumb that in most programs dealing with unemployment, we get back about 10 percent of the total. And we put in substantially more than that.

Senator CASE. That is why I could not help but wonder as you described the situation in Pennsylvania, and I am not finding any doubt at all about it—and you cited Uniontown, Connellsville, and some other areas with unemployment and if that is true that Pennsylvania contributes 10 percent—rather, gets back 10 percent and contributes

substantially more than that, would it not be better financing for the taxpayers of Pennsylvania to deal with all of these problems in Pennsylvania directly, rather than to launch a program of nationwide implications on the lifting of the local requirements of contribution and thereby expose itself to the demand that the Pennsylvania taxpayers make this a substantially larger contribution and get back only 10 percent?

Senator CLARK. I think not. I think one will have to be a little sophisticated about this. The revenues that come into the Federal Treasury from Pennsylvania come from wealthy individuals and corporations who can well afford to pay their share of the taxes.

When we get onto the State-financing basis, the revenues for State purposes comes from our poorer citizens who can less afford to make the contribution. This is because the Federal Government has preempted the corporate income tax and the individual income tax, particularly in terms of the higher brackets. And because my State, which has no graduated income tax, has to go to broad-based taxes which bear most heavily on those who can least afford to pay.

Senator CASE. You have no income tax?

Senator KERR. You have no income tax?

Senator CLARK. We are prohibited from having one by our State constitution. The chances of amending the State constitution are not very bright.

Senator CASE. You look upon this legislation, this tax legislation as a device by which the people of Pennsylvania can have the Federal Government act as a tax collector against the wealthier corporations and individuals, even though that means that 10 percent may only come back to Pennsylvania?

Senator CLARK. I do not consider it a vice, Senator Case—quite the contrary. I consider it social and economic justice.

Senator CASE. I did not say a "vice." I said a device.

Senator CLARK. I do not consider it a device. I consider it a sound economic and fiscal piece of legislation.

Senator CASE. Well then, by whatever name you want to give it or ascribe to it, you have, in effect, suggested that in the case of Pennsylvania it was not able to collect taxes from the large corporations and individuals in the same way that the Federal Government can, and that the Federal Government then gets these powers in order that some of it will return, a somewhat lesser portion, to Pennsylvania than the taxpayers of Pennsylvania contribute.

Senator CLARK. Ours is a national economy. I have long felt that our national tax system was the soundest and wisest way of raising revenues. We are surrounded by other States who are in competition for our industries. Immediately that we raise our States taxes in order to take care of our unemployed, we are under constant threat that industry will leave our State and go to other States in our region where their concept of public services, we think, is not as high as ours.

Senator CASE. Would you include in the description—I am just using a mild term—of the situation you have given that this would be one way in which the Federal Government might penalize the steel companies, many of whom have large plants in Pennsylvania, for the price increase announced yesterday?

Senator CLARK. No, sir, I would not.

Senator CASE. That is all. Thank you.

Senator KERR. Let me say, first, Senator Clark, that I am entirely favorable to the objective of this legislation. My questions though they may seem to be rather extended are primarily for the purpose of having this record show the program, its extent, its effect, and method of operation.

I was quite interested in the questions the Senator asked about your income tax and your answer to it. Are you quite certain that Pennsylvania has no corporate or individual income tax?

Senator CLARK. Senator, I think that there is a little misunderstanding. We do have a corporate income tax. We have no individual income tax. We are in a box.

Senator KERR. I understand that you are. I am not trying to tighten it. I am trying to loosen it. I was very distinctly under the impression that you did have a corporate income tax. I understood you to say that your constitution prohibited it.

Senator CLARK. It prohibits the graduated personal income tax. Our supreme court has said that all taxes must be uniform on the same class of subjects. That is in the constitution. That is what it says. And that has been interpreted by the supreme court to prevent a graduated income tax. The corporate income tax is not graduated.

Senator KERR. Do you know what the amount of it is?

Senator CLARK. I am sorry, I do not know, but it is quite substantial.

Senator KERR. I felt it was.

Senator CLARK. You see our difficulty, Senator, is that part of the problem is the economic competition among the States for industry. That is part of the problem.

Senator KERR. All of the States are aware of that.

Senator CLARK. I suspect that is correct.

Senator CASE. Would you permit an interruption?

Senator KERR. Yes.

Senator CASE. The point that the Senator from Pennsylvania would like to make is that if the corporate income tax, that is, the Federal corporation income tax were either raised or kept at the present level, it would apply to competing corporations in other States, as well as corporations in Pennsylvania and that if you were to raise the corporate income tax of Pennsylvania you would be placing a particular burden on the Pennsylvania corporations not applicable to competitive corporations in other States?

Senator CLARK. That is right, Senator. We have been trying desperately for the last 8 years to create a better tax climate in Pennsylvania for business, because we were losing business, particularly from these industries which I testified about a little while ago.

Under the strong urging of Governors Leader and Lawrence we have substantially improved the business tax climate. For example, we restored a historic provision in our corporate tax laws which gives an exemption from taxation for manufacturing corporations.

We have, also, fought off efforts to increase the rate of our corporate income tax. Instead, we have enacted a broad base sales tax which falls across the board, on everybody, which is intensely unpopular and which I do not believe we can do much to raise at the moment.

Senator KERR. What is the rate of that?

Senator CLARK. Four percent—among the highest rates in the country and has fewer exemptions than most other States.

Senator CASE. You say it has fewer exemptions?

Senator CLARK. Yes, sir.

Senator CASE. Does it apply to food?

Senator CLARK. It does apply to food that is eaten in restaurants, but not to food that you take home.

Senator CASE. My State taxes food whether you eat it on the premises or otherwise; the sales tax applies to the whole food bill.

Senator KERR. The implementation under S. 2965 is tied to the national level of unemployment, is it?

Senator CLARK. Yes, sir. This is what bothers us, although I think it is sound.

Senator KERR. I can understand how you feel that way, but it would seem to me that with reference to the provisions of this bill calculated to meet emergency situations, that there should be some relationship in here not only to the national level of unemployment, but to the local level of unemployment.

Senator CLARK. It occurs to me that this is an interesting suggestion. I would rather leave that to the administration witnesses.

Senator KERR. You said that there were 900 communities in a certain category. I did not understand the category.

Senator CLARK. The category, sir, would be the communities in which this money could be made available if the Congress enacted the law.

Senator KERR. Which money?

Senator CLARK. The $600 million provided by the Chavez amendment, because the standby bill being based on the national unemployment rate would make the provisions available to all communities, whether or not they were in areas of chronic and persistent unemployment or chronic underemployment.

We have to distinguish the standards in the Chavez amendment from those in S. 2965.

Senator KERR. The 900 communities you referred to are those you think would be specially helped by the Chavez amendment?

Senator CLARK. Yes, sir. May I point out they include many rural areas as well as industrial areas, because——

Senator KERR. I was going to get to that in a few moments, but as I understand the Chavez amendment it has to do with the areas of projects that are under sections 4, 5, 6, and 7 of S. 2965.

Senator CLARK. That is correct.

Senator KERR. On page 5 of the bill, line 23, of S. 2965, it reads, does it not—

> That notwithstanding any limitation in other laws requiring a grant to be less than 50 per centum of the cost of undertaking or completing a project or program, grants may be made under the authority of this section which bring the total of Federal grants available for said projects or programs up to 50 per centum of the cost of undertaking or completing such project or program.

And then it sets forth how departments or agencies may use them. The effect of that provision would be to increase the Federal participation in such projects, including disposal plants and hospitals and other Federal-aid programs, where the Federal Government makes less than 50 percent of the cost available and it would make them eligible to receive 50 percent from the Federal Government?

Senator CLARK. That is right.

Senator KERR. I would want to know, as mentioned by Senator Case, for the record, the purpose on page 3 of the Chavez amendment. I am not rightly sure that it does what Senator Case indicated he thought it did, but it seems to me that that is what it does.

I wonder if the gentleman next to you could advise us on that? Let him identify himself; he is rather handsome.

Senator CLARK. This is James L. Sundquist, my administrative assistant, who has worked closely with me on the bill. But I believe that the Director of the Budget will give you a more authoritative interpretation of that than we can.

Senator KERR. I will wait until he comes before us.

I do not find anything, for instance, in section 5 which permits the increase in Federal participation to 50 percent in programs otherwise limited to a smaller percentage that fixes any standards or requirements as to why, during this period, one community could have that treatment while others which may be equally worthy would not receive it.

Senator CLARK. I do not, either, Senator. I think that this is something you should give careful consideration to, but the philosophy of the standby bill was that this is a national program to help a national emergency without any particular regard as to the need of the particular community other than what is implicit but not explicit in section 5. It is only when we get to the Chavez amendment that we limit the aid to communities where there is chronic and persistent distress or substantial labor surpluses for an extended period of time.

Senator KERR. I understand that. I thought that while you were here, in view of the fact I know that question will be raised, it might be well to explore the reason in back of the provision in S. 2965.

Senator CLARK. I think that the philosophy, whether one agrees with it or not, is that once this program is triggered in, its purpose is to create jobs and to start the economy.

Senator KERR. When that happens and you talk about competition between States, for instance, that is not going to be any fiercer than the competition down here for this money.

Senator CLARK. That is right. And this does give very wide discretion to the administrator—perhaps too wide. But let us assume for just a moment that my own city of Philadelphia should qualify under the Chavez amendment. We have a 6-year capital improvement program and in that 6-year capital improvement program there are many projects which under existing legislation receive Federal aid.

The thought is that if this program is triggered in we might reach out and find a project which is not scheduled to be constructed for 4 more years, where there would be, perhaps, a 30-percent Federal grant, and if the "city fathers" realized that they could get that project underway immediately with the 50-percent Federal grant, they would be very happy to do it. This may not make sense, but this, I think, is the philosophy.

Senator KERR. Do you not think that the bill, if passed, should provide that if the 50-percent provision is to become effective it should be on the basis that would make it available to all communities that would have similar local conditions prevailing?

Senator CLARK. Yes, sir.

Senator KERR. This gives me quite a little concern. The $600 million that was estimated to create approximately, let us say, 200,000 jobs for 1 year—you tell us that Pennsylvania has 400,000 unemployed?

Senator CLARK. 400,000.

Senator KERR. It has 400,000 unemployed. And what is the figure for the Nation?

Senator CLARK. It is about 5 million—no, no.

Senator KERR. We have the Secretary here; perhaps he can supply the information.

Secretary GOLDBERG. It is 4,382,000.

Senator KERR. It is 4,382,000?

Senator CLARK. That is 5.5 percent?

Secretary GOLDBERG. That is correct, Senator.

Senator KERR. I think at any time that we have 22 percent unemployed in a certain area and 18 percent in another and 16 percent in another and 14 percent in another—and I am sure that the senior Senator from West Virginia could give us the names of communities in his State where he has equal or maybe even more acute situations existing. The Senator from Oklahoma is not going to do it except under duress. But he could name a few areas in his State where there is a significantly high percentage of unemployment. If we provide $600 million, and only $600 million for this emergency program, and there are so many areas with such high percentages of unemployment, unless we fix rather rigid standards in the legislation, do you not think that we would create a very difficult problem in the matter of allocating it among those that would be seeking it?

Senator CLARK. There is no doubt about it, Senator. We did in the Area Redevelopment Act. We have had a little less than a year's experience there. I would hope that the Area Redevelopment Administrator, who has had this experience, would appear before your committee and give more detailed answers than I can to your question.

I think, however, on the whole, that he would tell you that his problems are not acute.

Senator KERR. He is to appear before us tomorrow morning and I will be happy to have him answer.

You said that this applied to the rural areas?

Senator CLARK. Yes, sir.

Senator KERR. Where is that in the bill?

Senator CLARK. It comes about this way, Senator: Section 5(b) of the Area Redevelopment Act now on the books defines these areas of low rural income and underemployment. This act incorporates by reference section 5(b) of the Area Redevelopment Act when it says that all redevelopment areas designated by the Administrator shall be under the blanket authorization of this act.

Senator KERR. Wait a minute. I had contemplated that that was the basis of the statement. That being the case, in view of the fact that the Chavez amendment seeks an additional authorization, would seek its availability, would that include rural areas to which you have just referred? That is, would it?

Senator CLARK. Yes, sir.

Senator KERR. As I understand it?

Senator CLARK. Yes, sir.

Senator KERR. Are there any questions, Senator McNamara?

Senator MCNAMARA. I have no questions at this point.

Senator KERR. Any further questions, Senator Case?

Senator CASE. No.

Senator KERR. Senator Randolph, do you have any questions?

Senator RANDOLPH. Mr. Chairman, the able Senator from the Commonwealth of Pennsylvania has stressed the urgency of an approach which is envisaged in the legislation we have discussed. I share his belief that action should and can be had during this present session of the Congress.

I wonder if the Senator, who is certainly aware of the efficacy of remedial legislation for a program for the future, would indicate one of the reasons for the plight of the coal industry in his State. Could it be added to the list of reasons? I refer to the dumping of residual oil into the United States at unconscionably low prices.

Senator CLARK. I am aware of the Senator's view on that subject which I share in part, but in part only. I do not know whether this is the appropriate tribunal in which to explore the matter.

Senator RANDOLPH. I noted that my friend listed regions, and I just wanted to elicit, if possible, an exploration of this subject. Perhaps it is in an area which should go to another forum.

I would want to indicate, Mr. Chairman, insofar as the Senator from West Virginia is concerned, that there is no evil connotation to the words "Public Works Administration," or "Works Progress Administration."

I was in the Congress of the United States when those programs came into being. I supported them vigorously. I have never looked upon them as programs which wrought miracles, but I remember very well in one of the areas in West Virginia which is today in difficulty from an economic standpoint that we constructed an airport, that we built streets and roads, and we fashioned water and sewer systems. So, when the ugly WPA connotation is injected and it is indicated that we are in a new era of boondoggling, I want to reflect back and point out that those programs were fitted to the needs of a depression which required such programs.

If this legislation becomes law—and I trust that it will become law—there will be progress on capital improvement projects.

Senator CLARK. I agree with the Senator. I only want to point out that the analogy is PWA, and not WPA.

Senator RANDOLPH. Do you mean that your statement compares the proposed progams with PWA?

Senator CLARK. Yes, sir; PWA.

Senator RANDOLPH. Your statement included comment on WPA that I referred to.

Senator CLARK. I think that my statement quotes what a newspaper said.

Senator RANDOLPH. That is right. That is why I said that they were the critics of WPA.

Senator CLARK. But this plan is on the PWA analogy.

Senator RANDOLPH. We built schools in West Virginia under that program. I remember nine schools in one county alone.

Senator CASE. Would you yield?

Senator RANDOLPH. Yes, I will be delighted to yield.

Senator CASE. Of course, we are dealing here with memories of a considerable number of years back, but it is my recollection that one of the distinctions between the Public Works Administration, PWA, and the Works Progress Administration, WPA, was that under PWA there was a firm requirement for a local contribution of a specified percent, whereas with WPA there was greater latitude.

Senator RANDOLPH. The Senator is correct, of course. And his distinguished service in the House during the period when some of these programs were in force is remembered by me.

Mr. Chairman, I ask unanimous consent to place in the record some remarks which I made——

Senator KERR. I wonder if they might be placed in the record at the conclusion of the testimony of the Senator?

Senator RANDOLPH. I will make a similar request.

I will wish to have included in the record at the conclusion of the testimony and the questioning of the Senator from Pennsylvania excerpts from an address which I delivered to the Alabama League of Municipalities.

And the remarks were specifically to S. 986. The Senator from Pennsylvania will recall that bill was a predecessor to S. 2986.

Senator CLARK. I remember the magic number. I think we placed in the record before you arrived the hearings which you and I held on that legislation.

Senator RANDOLPH. That is appropriate.

Senator KERR. He filed it for the record.

Senator CLARK. Yes; it was filed for the record.

Senator RANDOLPH. That legislation, S. 986, was introduced on February 20, 1961. I ask unanimous consent to have this notation included in the record.

Senator KERR. That is granted. And immediately following it will be placed in the record a statement by Senator Pat McNamara in support of the Standby Capital Improvements Act.

Senator RANDOLPH. I commend the Senator from Pennsylvania for the vigor with which he espouses his cause.

I trust that the Congress will fulfill his desire and the desire of many of the members.

Senator CLARK. Thank you for the compliment.

Senator KERR. The Senator from Vermont, any questions?

Senator PROUTY. I have no questions.

Senator KERR. The Senator from Ohio, Mr. Young?

Senator YOUNG of Ohio. I think, Mr. Chairman, I have no questions.

Senator KERR. The Senator from Hawaii?

Senator FONG. I sympathize with the Senator from Pennsylvania over the tremendous unemployment problem he has in his State, but I am just wondering what this bill will do for him, what it is contended it will do. As I understand that under this bill, $600 million will be appropriated and only 200,000 jobs will be available in the whole country, is that correct?

Senator CLARK. Yes, sir.

Senator FONG. Yet we are facing an unemployment problem, if I understand it correctly, of 4,382,000. What worries me is that the

amount of money is so insufficient to take care of this tremendous unemployment that we have in the Nation. This $600 million is only a drop in the bucket. If you really wanted to take care of all of the number of unemployed, it would require many times that amount. I am a little disturbed, however, of the different tax structures in our States. I was very much interested in listening to the Senator say that there is no income tax; that is, personal income tax levied on the people of Pennsylvania.

In the State of Hawaii we do tax our people very, very heavily. There is a 3.5 percent gross income tax right across the board.

Senator CLARK. If I could interject, we tax our people heavily, too, but we do not do it as equitably as you do.

Senator FONG. It seems to me that you should have an income tax, but it is not for me to tell any State what to do.

Senator CLARK. It seems so to me, too, but try to get a constitutional amendment approved in the State.

Senator FONG. The thing that worries me is that each State has a different tax structure. And because a State is unwilling to tax its people we have tremendous problems. I believe that one of the problems in Pennsylvania is due primarily to the fact that it is not getting enough taxes.

Senator CLARK. If the Senator would permit another interjection, I do not reject your comment, but I violently disagree with it. I think that the people of Pennsylvania are as heavily taxed as the people of Hawaii. We do not tax them in the right way.

Senator FONG. In Hawaii they tax the people 3.5 percent gross income tax, which goes right across the board, regardless of how they make their money. If he is a grocer, he is taxed on his gross income 3.5 percent. If he is an attorney he is taxed on all the amount of money received. Any person who receives rent is taxed 3.5 percent.

And over and above that we have an income tax that starts at 3.5 percent on the first $2,000 and is graduated up to 10 percent.

There is no Federal deduction. In other words, the tax to the Federal Government is not an item to be deducted. Our people are taxed very, very heavily in comparison to some of the States that do not have such a tax structure.

I am just wondering whether it is fair to the State that does tax its people to be carrying the burden for other States which do not. This is one of the fears I have. I do not what the answer is.

Senator CLARK. I think that the answer, Senator, is again that I would challenge you to prove that the people of Pennsylvania are not more heavily taxed than the people of Hawaii. I suspect that they are. We have a different form of taxation. We have a 4-percent sales tax all the way across the board. We have a corporate income tax. We have a series of other State levies which in the aggregate, I assure you, result in our being as heavily taxed as any State in the Union. And we have far more than our share of unemployment.

Senator FONG. I would dispute with you the statement that you are the most heavily taxed in the country, because it has been shown that our people per capita are the third highest taxed in the United States.

Senator CLARK. Perhaps neither of us should boast about how heavily we tax our people.

Senator FONG. No; the taxes are there. I am just presenting it as area of discussion.

Relating to the word "area" is there a definition of what an area is in the bill? I notice that the Chavez amendment says that the President is to determine which area is suffering unusual economic distress.

Senator CLARK. The reference goes back to the definition of an "area" in the Area Redevelopment Act.

There is an additional extension of the definition in the Area Redevelopment Act to take care of certain other areas where unemployment has existed at high rates for a 12-month period, but does not meet the standards of the Area Redevelopment Act, which in that regard are stricter.

Senator FONG. Does that mean that it gets down to a city, a town—does it get down to that small a political subdivision?

Senator CLARK. No, sir. An area is defined, as the Secretary of Labor will tell you when he comes to testify, on the basis of the market area for employment. It could be a metropolitan area, including a number of counties, or in a rural area it would be on a county basis.

Senator FONG. This section (c) of section 8 gives tremendous power to the President.

Senator KERR. Do you refer to the bill or to the amendment?

Senator FONG. I refer to the amendment. As soon as the President says that this is an economic distressed area, and the rate of employment is at an extremely low level, with low family income, he shall put this into action and he shall grant money without matching grants from the States.

Senator CLARK. This follows the analogy of the Area Redevelopment Act where grants for public facilities are permitted when that kind of a situation is shown to exist.

Senator FONG. Speaking as a member of the minority party, I am concerned as to how this is going to be executed. When you look at what has happened, especially in the judgeships, where 98 Democrats are being appointed to 3 Republicans—I wonder whether this imbalance is going to carry over into this bill, for example, in the allocation of funds.

Senator CLARK. I would only suggest to the Senator that those questions could be best answered by the Area Redevelopment Administrator who has had experience in this regard and who will be before the committee tomorrow.

Senator FONG. Speaking as a Republican I am a little concerned as to whether this imbalance which has now permeated the appointment of the judiciary, 98 to 3—almost 98 percent appointments by the Democratic administration—whether this——

Senator CASE. Would my colleague yield there for a supplementary question?

Senator FONG. Yes.

Senator CASE. I am wondering if my colleague has in mind in that connection, also, the requirement that allocations under the $600 million would be on projects which would be completed within 1 year?

Senator FONG. Yes.

Senator CASE. Does that add to your concern?

Senator FONG. I am quite concerned as to the duration of the project, because these are things which give a chance for the Executive to show a lot of partisanship.

Senator CLARK. The effect of that provision, if I might answer Senator Case, is to get projects underway which will create immediate

jobs which will be completed before the next boom comes along and then would contribute, perhaps, to inflation.

Senator FONG. As I understand it, Senator, I probably would be willing to go along with a provision like this if I could be sure that these imbalances will not operate—that the imbalances which are now operating within the judiciary, for example, did not ensue.

Senator CLARK. I think, Senator, I can safely leave that to the very able representatives of the administration who will testify before you later today to answer.

Senator FONG. Thank you.

Senator KERR. The Senator from Massachusetts.

Senator SMITH. Mr. Chairman, I would like to compliment the Senator from Pennsylvania for his very excellent testimony here this morning. I think we must not lose sight of the fact that this is not considered a cure-all remedy as to unemployment. I think that this is something that is meant to be put into effect to help communities, so that they may help themselves.

I realize that the State of Pennsylvania has lost a lot of its textile industry, and that their coal business is off and also the steel business.

I think in many instances that the cities and towns, if they are given a certain stimulus, so that they can help themselves, that they would be able in large part to do it on their own.

Senator CLARK. Might I comment briefly on that?

I would like to make it clear to the members of the committee on both sides of the aisle that we should not overestimate the effects of this proposed legislation. This is only part of the package intended to crack the unemployment problem, generally, across the Nation, specifically in areas of chronic unemployment.

We have the Area Redevelopment Act passed last year, and the Manpower Development and Training Act signed into law only a few weeks ago, and we have this legislation. We have various other Federal projects which I am sure the Secretary of Labor and the Chairman of the Council of Economic Advisers will speak of in their testimony which will result in an across-the-board attack on this problem. No one measure is going to solve it.

I see the Senator from Michigan, and he knows full well the problems in his State, that we have to attack this problem from a number of angles. We are not going to do it all with this legislation. There is no use deluding ourselves into thinking that we can, but this can help.

I think I understand my friend from Hawaii. This is not a drop in the bucket. This is about this much water in a glass, and it has several good sips in it [indicating].

Senator SMITH. I think that Senator Clark has pointed out exactly what I would have said.

Senator KERR. Senator Gruening.

Senator GRUENING. I want to commend the Senator from Pennsylvania for sponsoring this legislation. I am heartily in favor of it. We need it in Alaska.

In the last week, according to the Department of Labor, the unemployment rate in Alaska was 17.3 percent. And all of Alaska, with the exception of two areas, has been declared appropriate for ARA projects. And even the two areas that were excluded, Juneau and

that area, has an unemployment rate which is 12.8 percent, and the Sitka area, which is 10.2 percent.

I must say I am in complete accord with the suggestion made by our colleague from Hawaii, Senator Fong, that this is only a drop in the bucket, $600 million. We are being asked to appropriate, to authorize, some $5 billion for foreign aid on top of all the other billions we have already committed. I know that my friend from Pennsylvania is a great enthusiast for that foreign aid.

Senator CLARK. I would not say enthusiast—I just would say that I am conscious of the fact that we need to do it.

Senator GRUENING. I picked up the paper this morning and this is typical of what one reads almost daily: "Pro-left Kerala Gets U.S. Project." And this is for a hydroelectric plant, to cost as a starter over $50 million. It is designed to decrease unemployment in one province of India.

We would welcome such projects in Alaska, and my friend from Michigan would, too.

Senator CLARK. I share the Senator's views that charity should begin at home.

Senator GRUENING. I am happy to have that comment. It should not only begin at home, but I think that it should have priority.

I notice that the Senator earlier said that we were in a moderately prosperous situation. I think that when there are any unemployed in America we face a situation that we should meet.

Senator CLARK. I agree with that.

Senator GRUENING. So long as there are 4 or 5 million unemployed in our country we cannot call ourselves a prosperous country. I think our first duty is to meet that situation. Instead of asking for $600 million, we should ask for $6 billion if that sum is needed to end unemployment at home. I think we should treat our people at least as well as we treat those who receive our foreign aid.

I hope that the Chavez amendment will be adopted and further liberalized. I think we should not necessarily compel the States to match in all cases. In many instances the legislatures will have adjourned—it will not be possible to get action from them for another year.

I think the house is on fire, as my friend from Pennsylvania, Senator Clark, properly stated. I hope that this legislation will be promptly enacted and it will be liberalized, that the amount of funds authorized will be substantially increased.

Senator CLARK. I thank our friend from Alaska.

Senator KERR. Thank you very much, Senator, for your very fine statement.

Senator CLARK. Thank you, Mr. Chairman. I deeply appreciate the courtesy of the committee.

(The prepared statement of Senator McNamara and a press release of Senator Randolph pertaining to the subject are as follows:)

STATEMENT OF HON. PAT MCNAMARA, A U.S. SENATOR FROM THE STATE OF MICHIGAN

Mr. Chairman, As we begin these hearings—I would like to indicate the strong Michigan support of the President's proposal for a Standby Capital Improvements Act of 1962. This support extends to his subsequent proposal for a $600 million program for immediate aid to areas of substantial unemployment in

those sections of our country which have failed to share fully in the economic gains of recovery from the recession of 1960–61.

As you know, hearings were recently held by the House Committee on Public Works, on both of these proposals. John B. Swainson, Governor of the State of Michigan, and Jerome P. Cavanagh, mayor of the city of Detroit— acting as a spokesman for the city of Detroit and as a representative of the U.S. Conference of Mayors appeared before the House committee at these hearings.

Governor Swainson testified that Michigan could launch up to $639 million worth of public works—to provide 60,000 jobs—throughout the State if Federal grants and loans were made available under the capital improvement program submitted to Congress March 26 by President Kennedy. He stressed that Michigan could start work right away on $10.4 million of urgently needed new construction at our mental hospitals, including three children's psychiatric units, $7.7 million for additional classrooms, laboratories, and other essential structures at State universities and colleges; $46 million for expansion and improvement in conservation and recreational facilities; $78 million for 39 water pollution control projects by counties, municipalities, and townships. This is just a partial list of the many projects that would answer long-existent needs in communities throughout our States as well as providing jobs for our unemployed.

Mayor Cavanagh presented a summary to the House committee of public works projects for immediate or near future starts for the city of Detroit alone at an estimated cost of $119 million and at the same time he presented the committee with a detailed long-range program for the city of Detroit at an estimated cost of $728,316,000.

Mayor Cavanagh mentioned that the Detroit area still has unemployment of 9.3 percent which simply means that 130,000 men and women there are still unemployed.

It is clear that if the projects mentioned by Mayor Cavanagh now ready for immediate or near future starts, were to be initiated, a substantial amount of the city's unemployment would be eliminated.

I wish to add my voice to that of Governor Swainson and Mayor Cavanagh in support of both of the President's proposals.

The problem, however, is not confined to Detroit alone. Our whole State is too keenly aware of this pressing problem of chronic unemployment as well as the existence of so-called pockets of unemployment which exist and have existed for several years.

According to a compilation of the U.S. Department of Labor on March 25, 1962, there were several major areas of substantial unemployment in Michigan during the month of February 1962. For example, Battle Creek and the Muskegon Heights area. Moreover, Holland, Grand Haven, Iron Mountain, Jackson, and Mount Pleasant were listed as smaller communities in our State in this same classification.

I believe legislation of this nature is long overdue. Had it been on the books previously—the almost permanent crippling effects of recent recessions could well have been avoided.

I am hopeful our committee will give this legislation prompt and favorable consideration.

CITY OF DETROIT,
OFFICE OF THE CITY CLERK,
April 6, 1962.

Hon. PATRICK V. MCNAMARA,
U.S. Senator, Senate Office Building,
Washington, D.C.

DEAR SIR: Herewith transmitting to you the following resolution unanimously adopted by the Common Council of the City of Detroit, on April 3, 1962, supporting proposed Federal legislation for a public works program;

By Councilman Connor:

Whereas President Kennedy has recommended to the Congress enactment of an emergency public works program to be used for the alleviation of unemployment in areas showing consistently higher unemployment than the national average; and

Whereas the Congress has under consideration legislation directed to this same problem, particularly the Blatnik bill; and

Whereas the unemployment problem is one of the most important, if not the most important problem facing the city of Detroit and the State of Michigan as shown by our high percentage which has consistently averaged approximately twice the national figures: Now, therefore, be it

Resolved, That this common council goes on record favoring enactment of the President's program and this type of emergency public works program, and that copies of this resolution be sent to the Public Works Committee of the House of Representatives and to the members of the Michigan congressional delegation.

Adopted as follows:

Yeas—Councilmen Brickley, Patrick, Ravitz, Rogell, Van Antwerp, Wierzbicki and President Pro Tem Connor—7.

Nays—None.

Respectfully yours,

THOMAS D. LEADBETTER, *City Clerk*.

EXCERPTS FROM AN ADDRESS BY SENATOR JENNINGS RANDOLPH, DEMOCRAT, OF WEST VIRGINIA, TO THE ALABAMA LEAGUE OF MUNICIPALITIES, MONTGOMERY, ALA., APRIL 7, 1961

I have been highly gratified by the response of the member communities of your Alabama league and of the American Municipal Association to S. 986, or the so-called Clark-Randolph-Pell bill.

As you know, this bill, entitled the "Emergency Employment Acceleration Act of 1961," was introduced by Senator Joseph Clark, of Pennsylvania, on February 20, with a view toward having it in a state of near readiness when the administration takes its "second look" at the state of the economy this month. I was privileged to cosponsor the measure with Senator Clark and Senator Claiborne Pell, of Rhode Island.

Briefly, to summarize the purpose and provisions of the proposed legislation, its intent is to accelerate public works construction by State and local governments by offering Federal grants of 45 percent of the cost of construction of approved projects. It is not a depressed areas bill, but rather, a measure which would assist local and State governments throughout the country in their construction of needed public facilities beyond their present commitments, giving priority to those which can be initiated in 90 days and completed within a year.

To this end, it would authorize the President, through any Federal agency he might direct, to contract for $500 million in grants to the States and their political subdivisions to increase their level of capital expenditures. The President would have the authority to contract for another $500 million after the first $500 million has been committed if in his opinion, after consultation with the Council of Economic Advisers, such a move is necessary to bring the recession to an end and lower unemployment to the tolerable level of 4 percent.

Though formal hearings have not yet been held on this measure, it has been the subject of considerable discussion in the field hearings which Senator Clark has conducted as chairman of the Subcommittee on Manpower and Unemployment. The testimony in those hearings has been almost entirely favorable, and has reflected much the same sentiment expressed in the poll conducted by the American Municipal Association. According to the tabulation of this poll furnished Senator Clark by Mr. Healy late in March, of the 60 municipalities that had responded at that time, 45 were in favor of the program and announced their intent to use such aid if made available. A few of the remaining 15 expressed opposition to the program on principle, and others indicated difficulty in raising the required matching funds.

However, despite this kind of support, I believe we can expect resistance to the bill in Congress. Nevertheless, I would draw your attention to some of the salient features of the measure.

First, it is not a wild spending bill, as it will doubtless be assailed by some. It is a capital investment bill. In this respect, it has always puzzled me how a plant expansion or improvement program undertaken by a private corporation

is considered a wise and prudent investment, while an expansion or improvement in the capital investment of public facilities is looked upon as a wild and reckless scheme that can lead only to bankruptcy. Yet, such a program rests on equally sound economic principles of long-range planning.

Secondly, this bill draws upon the principles and experience of one of the most successful and respected operations of the New Deal—the PWA, which, under the administration of Secretary Ickes, contributed so greatly to our public wealth in the form of libraries, municipal buildings, and other public facilities. Some persons fail to distinguish properly between the PWA and WPA programs of the 1930's.

Third, S. 986 embodies the economic principle of countercyclical spending which has been applied and repeatedly verified in the United States during the past 30 years—that is, the principle of increasing the investment in public facilities during recession years and curtailing such investment during years of high employment and full production.

Fourth, the measure will implement the development at the local level of a "shelf" of public works which can be put into effect at the early stages of a recessionary trend, and thus soften or inhibit its development.

Finally, S. 986 in no way encroaches upon the authority or responsibilities of State and local governments.

It will still be the responsibility of State and municipal leaders to plan and schedule their own construction programs. Consequently, in the implementation of this bill, as in many other aspects of contemporary operations of government, the community government occupies a significant and vital role.

In this respect, it is important that we maintain a continual watchfulness of Federal-State and Federal-local relationships, in order that the integrity of local and State governments be not undermined. But it is equally important that we look closely at the assumption that every instance of Federal assistance entails a threat to the independence of local bodies. I yield to no one in the importance which I place upon the independence and initiative of local government; I believe this tradition is the source of much of the vitality and flexibility of American democracy.

Yet we must be ever alert to those who shield their opposition to any social or welfare advancement by the Federal Government under the cloak of their regard for the integrity of local and State governments. A just distribution of powers among Federal, State, and local governments does not imply, in the 20th century, an absolute and impermeable compartmentalization of their respective functions. In recent decades we have seen a steady, and I believe a healthy, growth in the partnership of Federal, State, and local governments. And while the role and responsibilities of the Federal Government have increased with the growing complexities of a urban and industrial society, the legitimate powers and the appropriate exercise of independence on the part of local governments have, by and large, remained unfettered.

The welfare of local government is threatened more, I believe, by the apathy and lack of information among the general citizenry than by encroachments from Washington. The average citizen is probably much better informed concerning his Congressman's position on national issues than he is with regard to his councilmen's position on local issues.

If this condition prevails, as I suspect it does, it can be corrected first, by the efforts of local officials to stimulate more citizen participation through public hearings and by opening up to public scrutiny the decisionmaking process at the local level. Secondly, through the efforts of vigilant, independent, and responsible local press and communications media, the "sovereignty of the people" can become a fact as well as an ideal. If these requirements are met, I have little doubt that local government will continue to fulfill a strong and constructive role in the American democratic process.

Senator KERR. We are honored to have with us the Secretary of Labor. We have a very high regard and estimate of him. We will be glad to have your statement.

STATEMENT OF HON. ARTHUR J. GOLDBERG, SECRETARY OF LABOR, ACCOMPANIED BY SEYMOUR L. WOLFBEIN, DEPUTY ASSISTANT SECRETARY OF LABOR, AND MISS EDITH COOK, ASSISTANT SOLICITOR, U.S. DEPARTMENT OF LABOR

Secretary GOLDBERG. Mr. Chairman and distinguished members of this committee, I appreciate very much the opportunity to appear before this committee to testify in support of S. 2965 and, also, on the amendment introduced by the chairman, Senator Chavez, to this bill. I have a prepared statement, Mr. Chairman, which I should like to offer for the record.

Senator KERR. It will be included in the record.

(The prepared statement of Secretary Goldberg with two attachments: (1) "Areas of Continuous Substantial Unemployment, March 1962" and (2) "Consolidated List of Redevelopment Areas as of March 18, 1962" follows:)

STATEMENT OF ARTHUR J. GOLDBERG, SECRETARY OF LABOR

I appreciate the opportunity to appear before this committee in support of the President's recommendations for an immediate $600 million public works program and for Presidential standby authority to counter future recessions through the release of up to $2 billion for the initiation or acceleration of public works projects. As you know, the President's proposal for the initiation of an immediate public works program was recently introduced by the distinguished chairman of this committee, Senator Chavez, as an amendment to S. 2965, the Standby Public Works Act of 1962, introduced earlier by Senator Clark on behalf of himself and Senators McCarthy, Pell, and Randolph.

There is a real and urgent need for both of these measures. The immediate public works authority the President is requesting would permit a frontal assault on those pockets of serious unemployment which persist in the face of our Nation's overall progress toward economic recovery. The standby proposal would provide us with a valuable weapon for combating future recessions and economic stagnation as well as the human distress which inevitably accompanies them.

In this connection, I believe it would be helpful if I were to discuss some of the positive aspects of our present employment situation as well as some of those which cause us concern. I think that the need for enacting both of these proposals becomes apparent when we view the Nation's employment picture realistically and translate impersonal statistics into meaningful human terms.

It is gratifying to note that during the past year our Nation's economy has moved toward higher levels of employment and a somewhat lower level of unemployment.

There are today more people employed in this country than at any time in its history. According to the Department's figures, in March there were 66,316,000 persons at work, some 800,000 more than at this same time a year ago. Compared with March 1961, total unemployment was down 1,100,000. The factory workweek is more than a full hour above a year ago and for those who are employed earnings are at record levels. In fact, for the first time in history the earnings of factory workers in certain segments of our manufacturing industry now exceed $100 a week, a goal which 20 years ago would have seemed impossible in the eyes of many people.

As heartening as this information is, there is another important aspect of the employment situation which must be considered. I refer to the fact that as of March 1962, there were still 4,400,000 of our fellow Americans who were unemployed. This is an intolerable situtaion and one which requires prompt and effective remedial action.

One of the very disturbing aspects of this unemployment problem is that a large proportion of our jobless persons are what we classify as the long-term unemployed, that is, those continuously jobless for 15 weeks or longer. The number of persons in this category is now 1½ million. While this figure is 400,000 below a year ago, it is still far too high. We are also very much con-

cerned over the fact that of the 1½ million long-term unemployed, more than 700,000 have been continuously out of work for over 6 months.

In order that we may intelligently approach the task of reducing the number of unemployed, it is essential that we have adequate information concerning the types of occupations most affected, who the unemployed workers are, and where they are located.

This is a matter which is of direct interest to the Department of Labor. It has been the subject of continuing study within the Department and we have been able to develop valuable information in this area. We are pleased that the recently enacted Manpower Development and Training Act will enable us to expand our activities in this area and to evaluate more fully the manpower needs and resources of our country.

A brief review of who these long-term unemployed are will underscore the point we wish to make. We are particularly disturbed by the fact that fully one out of every four of our long-term unemployed are older men 45 years of age and over. Unfortunately, the indications are that their reemployment will hinge in significant part on the stimulus to job growth generated by the kind of programs we are recommending here, and the kind of programs that Congress has already enacted, notably the Manpower Development and Training Act and the Area Redevelopment Act.

By the same token, we are concerned with the fact that while unskilled workers constitute only 5 percent of the American labor force, they constitute triple that proportion—15 percent—of the long-term unemployed.

The problem of workers in the construction industry is similar. The seasonally adjusted unemployment rate of construction workers during the past 6 months has been more than double the rate for all workers. Between 12 and 13 percent—or in other words, one out of eight construction workers is unemployed. When you consider the fact that 18 percent of the construction labor force is unskilled, the relevance of the type of legislation we are considering becomes even more apparent.

No matter how we analyze the statistical rates, by age, by occupation, by industry, the message is clear: There are a significant number of people represented by these figures who are experiencing the intensely human problems posed by very long periods of continued joblessness.

In considering the need for the kinds of programs we are discussing today, I think it is also of importance to underline the fact that the last decade has seen a higher level of unemployment remaining after each recession, even during the recovery period. Let me cite just a few figures to illustrate this point: In July 1953, just prior to the 1953–54 recession, the seasonally adjusted unemployment rate in this country stood at 2.6 percent. This recession was then followed by substantial improvement, but in July 1957, just prior to the 1957–58 recession, the seasonally adjusted unemployment rate stood at 4.2 percent. After this particular recession the unemployment rate fell again, but in May 1960, just prior to the 1960–61 recession, the seasonally adjusted unemployment rate was 5.1 percent.

Thus, each succeeding business cycle of the past decade has left us with a higher rate of unemployment, even at the peak of the prosperous period. The fact of the matter is that in the past 53 months there has been only 1 month when the seasonally adjusted unemployment rate fell below 5 percent. That month, incidentally, was February 1960, when the rate was 4.9 percent.

It is for these reasons that we believe that unless prompt and effective action is taken to promote employment opportunities for the significantly substantial number of workers who are currently unable to find jobs, we will not move ahead rapidly enough to achieve the goals of maximum employment in this country.

The dual public works measures which the administration is recommending, when combined, are part of our arsenal of weapons to combat the conditions which have plagued us in the past and will help us to avoid them in the future.

There are hundreds of communities throughout our Nation which have not shared fully in the recent progress toward recovery. They include large cities, small cities, and rural areas, and their economic woes stem from a variety of causes. Although, as President Kennedy recently observed, the continued economic expansion of the Nation as a whole will, in the long run, help to restore the prosperity of many of these areas, their needs are urgent now. Further help should not be delayed, certainly not until another recession threatens the whole economy.

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As of the present time, there are 874 localities which have been designated as redevelopment areas under the Area Redevelopment Act. In addition, there are 105 communities which have been designated as areas of substantial unemployment for 12 months or more. Some 35 percent of our population resides in these 979 localities. If we look at the combined labor force of all these communties 1 out of every 12 workers in this group is unemployed, their average rate of unemployment running some 39 percent higher than in the rest of the country.

As a means of increasing employment opportunities quickly in these communities, the President is asking that we initiate a $600 million public works program. This program would extend during fiscal 1964 and would be operative in the types of areas I have just described, i.e., areas eligible for assistance under the Area Redevelopment Act and in communities which have been classified as areas of substantial unemployment for 12 months or more.

If this legislation is enacted promptly, some expenditures under the program could be made during this fiscal year and the much needed assistance provided by the program could have immediate effect.

Funds could be allocated both for Federal public works projects and for grants and loans to eligible States and localities for improvement of public works and community facilities therein. Federal grants to States and localities could be for as much as 50 percent of the cost of a project, and even higher in some exceptional cases. The program would also make loans available to those communities which would otherwise be financially unable to meet promptly their share of project costs.

As would be the case under the standby proposal, projects under this program would be limited to those which could be initiated or accelerated in a reasonably short period of time and completed within 12 months after initiation.

I wish to emphasize that neither the immediate public works program nor the standby authority would involve make-work projects. The proposals do not contemplate leaf-raking activities but the initiation or completion of much needed public works projects throughout the country. Federal projects could not be initiated other than those which are presently authorized by Congress nor would our proposals create a new Government bureaucracy to carry out the programs for which they provide. Most of the work which would be performed under this legislation would be accomplished through private employers and contractors.

Included among the State and local public works authorized under both the immediate and standby proposals would be such projects as water supply improvement; sewerage systems and water pollution control; construction and improvement of public buildings, such as hospitals and civic buildings; and road, street, airfield, and port improvement. Examples of Federal projects and programs would include conservation activities to improve our public land, water, timber, and other natural resources, and construction or improvement of laboratories, research and training facilities, and other public buildings.

Although the overall economic impact of a $600 million program is in itself significant, its effect in particular areas can be most telling. In the hundreds of localities throughout the country in which substantial unemployment persists, the creation of jobs can have an impact far out of proportion to the total size of this program. In addition to the primary employment opportunities such a program could create, it is also important to remember that its secondary and tertiary employment effects can also be impressive.

This program we are recommending takes into account and will move from the vantage point of the excellent measures already passed by the present Congress which are also aimed at reducing the number of unemployed. I refer, for example, to the enactment last year of the administration's Area Redevelopment Act and the recently enacted Manpower Development and Training Act. With these measures already law, we believe that this legislation, added to measures now being considered by the Congress, such as the Youth Employment Opportunities Act, and the administration's unemployment compensation and tax proposals, will provide a set of related measures all calculated to increase the rate of our economic growth, provide new job opportunities, and alleviate the effects of unemployment.

Although the standby public works authority which is embodied in the administration's proposal would not go into immediate effect, it is another measure which the Federal Government should have ready at hand. It is one of the proposals in a three-part program recommended by the President in his Economic Report which is designed to provide a bulwark against future recessions. As you know, this includes the standby public works authority you are now considering, standby authority in the tax area, and an expansion and improvement of the unemployment compensation system to provide for covering more workers drawing higher benefits over a longer period of time.

I shall not endeavor to discuss these latter proposals in any detail. However, I think it is important to note that the adoption of these measures will provide desirable and needed flexibility in countering trends of economic downturn before unemployment and other dislocations assume more serious proportions.

Chairman Heller, of the Council of Economic Advisers, will discuss in detail with you the administration's proposal to provide the President with standby public works authority. I might note, however, that it would authorize, but not require, the President to institute a public works acceleration period when the unemployment rate has risen by the amount specified in the bill.

Furthermore, if he did institute such a period, it would terminate automatically within 12 months unless extended by joint resolution of the Congress, or could be terminated at any time by the President, and no new period could be proclaimed for 6 months thereafter.

I would also like to note that we do not believe the administration's bill is subject to the criticism which has been leveled in the past at public works as a means for countering recessionary trends; i.e., that they are initiated too slowly and their completion requires too long a period of time. As Chairman Heller will discuss with you, the administration's bill includes safeguards to insure that the work can be initiated promptly, is highly desirable work, that it will result in a real addition to our basic resources, and that it is performed at a time when it will do the most good.

Other spokesmen for departments and agencies directly responsible for administering Federal and federally aided public works programs will testify in detail concerning administrative aspects of this proposal. I shall therefore not attempt to describe in detail the manner in which a public works acceleration period would be put into effect. However, I think it is significant to note that the unemployment criteria for triggering programs under this proposal has been designed with the aim of invoking Presidential authority within 4 months after a cyclical peak and well before the trough of an oncoming recession. The first impact of orders, contracts, and expenditures under the program would have been felt within 1 or 2 months after the authority was invoked.

Antirecessionary public works programs in the past have not been as successful as they could have been because they have been entered into too late and without adequate advance preparation. By the time a consensus has been reached as to the necessity for action, the downswing has already been well underway. By the time the machinery of government has started rolling at high speed, private demands have already gone through the wringer and have started on their way up again. The net result, then, has been that the full impact of the public works program became operative at the same time as the natural forces of the recovery and in direct competition with them.

One of the big advantages of our standby proposal, as I see it, is that we could get remedial action underway as soon as the need becomes clear. If we can put a well-planned public works program into the economic hopper at the right time—instead of 6 months or a year too late—we can get the desired effect when it is needed and we can prevent a snowballing of the downturn with its unnecessary suffering.

I believe there is a real and urgent need for both the immediate and the standby capital improvements authority the administration is requesting in these proposals. I hope this legislation will be promptly considered by the committee, and I strongly recommend its enactment.

Attachment 1

Areas of Continuous Substantial Unemployment[1] March 1962

39 major areas

Alabama: Birmingham, Mobile.
California: Fresno, San Bernardino-Riverside-Ontario, San Diego, Stockton.
Connecticut: Bridgeport, New Britain, Waterbury.
Florida: Miami.
Indiana: South Bend, Terre Haute.
Kentucky: Louisville.
Louisiana: Baton Rouge, New Orleans.
Massachusetts: Brockton, Lawrence-Haverhill, Springfield-Chicopee-Holyoke.
Michigan: Battle Creek, Muskegon-Muskegon Heights.
Missouri: Kansas City.
New Jersey: Jersey City, Newark.
New York: Buffalo, Utica-Rome.
North Carolina: Asheville, Durham.
Ohio: Canton, Hamilton-Middletown, Lorain-Elyria, Toledo, Youngstown-Warren.
Oregon: Portland.
Pennsylvania: Philadelphia.
Tennessee: Chattanooga, Knoxville.
Texas: Beaumont-Port Arthur.
Washington: Spokane, Tacoma.

66 smaller areas

Alabama: Anniston, Talladega.
California: Eureka.
Colorado: Pueblo.
Connecticut: Meriden, Middletown, Norwich, Torrington.
Delaware: Dover.
Florida: Fort Lauderdale-Hollywood.
Illinois: Canton, Decatur, Galesburg, La Salle, Mattoon.
Indiana: Connersville, Michigan City-La Porte, Muncie, Vincennes.
Kansas: Coffeyville-Independence-Parsons.
Kentucky: Owensboro.
Louisiana: Lake Charles.
Maine: Lewiston-Auburn.
Massachusetts: Milford, Newburyport.
Michigan: Holland-Grand Haven, Iron Mountain, Jackson, Mount Pleasant.
Mississippi: Biloxi-Gulfport, Greenville, Laurel, Tupelo.
Nevada: Las Vegas.
New York: Elmira, Newburgh-Middletown-Beacon, Olean-Salamanca, Wellsville.
North Carolina: Fayetteville, Greenville, Hendersonville, Mount Airy, Waynesville.
Ohio: Ashtabula-Conneaut, Athens, East Liverpool-Salem, Fremont, Kent-Ravenna, Mount Vernon, New Philadelphia-Dover, Sandusky, Zanesville.
Oklahoma: Shawnee.
Oregon: North Bend-Coos Bay, Roseburg.
Pennsylvania: Bradford, Lock Haven, Oil City-Franklin-Titusville, Williamsport.
Tennessee: Bristol-Johnson City-Kingsport.
Texas: Texarkana.
Utah: Provo-Orem.
Virginia: Covington-Clifton Forge.
Washington: Bellingham.
West Virginia: Martinsburg.
Wisconsin: Marinette-Menominee.

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[1] Areas which are not designated as redevelopment areas, but which have been classified continuously as areas of substantial unemployment over the past year (March 1961–March 1962). Unemployment in areas classified as areas of substantial unemployment usually represents 6 percent or more of the local labor force, discounting seasonal or temporary factors and where the outlook gives no indication of improvement in the near future.

Source: U.S. Department of Labor, Apr. 10, 1962.

Attachment 2

CONSOLIDATED LIST OF REDEVELOPMENT AREAS

(Designated in accordance with secs. 5(a) and 5(b) of the Area Redevolopment Act, Public Law 87–27)

AREA DESIGNATION STATUS REPORT No. 4, CORRECTED TO MARCH 18, 1962

U.S. Department of Commerce, Area Redevelopment Administration, Office of Planning and Research, Washington, D.C.

STATISTICAL SUMMARY

Basis for designation	Redevelopment areas	
	Number	Population [1]
		Millions
5(a) areas	146	21.4
5(b) areas (except Indian reservations)	728	13.1
Total	874	34.5
5(b) Indian reservation areas	50	.2

[1] Approximate.

Source: Data compiled in the Program Evaluation Division, Office of Planning and Research, Area Redevelopment Administration.

Section 5(a) redevelopment areas [1]

State and area	*Area definition* [2] *(Counties unless otherwise noted)*
Alabama:	
Gadsden	Etowah.
Jasper	Walker.
Alaska: Anchorage	All of election district No. 10.
California:	
Modesto	Stanislaus.
Ukiah	Mendocino.
Connecticut:	
Ansonia	Towns in New Haven County: Ansonia, Derby, Oxford, and Seymour.
Bristol	Town in Hartford County: Bristol. Town in Litchfield County: Plymouth.
Danielson	Towns in Windham County: Brooklyn, Canterbury, Eastford, Killingly, Plainfield, Pomfret, Putnam, Sterling, Thompson, and Woodstock.
Georgia:	
Carrollton	Carroll.
Cedartown-Rockmart	Paulding and Polk.
Illinois:	
Cairo-Metropolis [3]	Alexander, Massac, and Pulaski.
Centralia	Clinton and Marion.
Harrisburg [4]	Gallatin, Hardin, Pope, Saline, and White.
Herrin-Murphysboro-West Frankfort [4]	Franklin, Jackson, Johnson, Perry, Union, and Williamson.
Litchfield [3]	Bond, Christian, Macoupin, and Montgomery.
Mount Vernon	Hamilton, Jefferson, and Wayne.
Indiana:	
Evansville	Vanderburgh County, Ind., Henderson County, Ky.
New Castle	Henry.
Kansas: Pittsburg	Cherokee and Crawford.

See footnotes on p. 54.

Section 5(a) redevelopment areas[1]—Continued

State and area	*Area definition*[2] *(Counties unless otherwise noted)*
Kentucky:	
Corbin[4]	Clay, Knox, Laurel, and Whitley.
Danville	Boyle, Garrard, Lincoln, and Mercer.
Elizabethtown[5]	Grayson, Hardin, Larue, and Meade.
Hazard[4]	Breathitt, Letcher, and Perry.
Hopkinsville	Caldwell, Christian, Todd, and Trigg.
Madisonville[5]	Hopkins, Muhlenberg, and Webster.
Middlesboro-Harlan[4]	Bell, Harlan, and Leslie.
Morehead-Grayson[6]	Carter, Elliott, Greenup, and Rowan.
Paducah[4]	Ballard, Graves, McCracken, and Marshall.
Paintsville-Prestonsburg[4]	Floyd, Johnson, Knott, Magoffin, and Martin.
Pikesville-Williamson	Pike County, Ky. Mingo County, W. Va.
Richmond	Estill, Jackson, Madison, and Rockcastle.
Louisiana:	
Hammond	Tangipahoa Parish.
Opelousas	St. Landry Parish.
Maine:	
Biddeford-Sanford	City of Biddleford. City of Saco. Towns in York County: Acton, Alfred, Arundel, Buxton, Cornish, Dayton, Hollis, Kennebunk, Kennebunkport, Lebanon, Limerick, Limington, Lyman, Newfield, North Berwick, Old Orchard Beach, Parsonfield, Sanford, Shapleigh, and Waterboro.
Maryland:	
Cambridge	Dorchester.
Cumberland	Allegany County, Md. Mineral County, W. Va.
Hagerstown	Washington.
Massachusetts:	
Fall River	City of Fall River. Towns in Bristol County, Mass.: Somerset, Swansea, and Westport; Town in Newport County, R.I.: Tiverton.
Lowell	City of Lowell. Towns in Middlesex County: Billerica, Chelmsford, Dracut, Tewksbury, and Tyngsborough.
New Bedford	City of New Bedford. Towns in Bristol County: Achushnet, Dartmouth, and Fairhaven; Towns in Plymouth County: Marion, and Mattapoisett.
North Adams	City of North Adams. Towns in Berkshire County: Adams, Clarksburg, Florida, New Ashford, Savoy, and Williamstown. Town in Franklin County: Monroe.
Michigan:	
Adrian	Lenawee.
Bay City	Bay.
Detroit	Macomb. Oakland. Wayne.

See footnotes on p. 54.

Section 5(a) redevelopment areas [1]—Continued

State and area	*Area definition* [2] *(Counties unless otherwise noted)*
Michigan—Continued	
Escanaba [4]	Delta and Schoolcraft. Townships in Menominee County: Harris, Meyer, and Spalding.
Flint	Genessee.
Marquette [4]	Marquette.
Monroe	Monroe.
Port Huron	St. Clair.
Traverse City	Grand Traverse, Kalkaska, and Leelanau.
Minnesota:	
Brainerd-Grand Rapids [7]	Aitkin, Cass, Crow Wing, and Itasca.
Duluth-Superior	City of Duluth in St. Louis County, Minn., Douglas County, Wis.
Hibbing-Virginia	St. Louis County, except city of Duluth.
Missouri:	
Flat River [7]	Iron, Madison, St. Francois, Ste. Genevieve, and Washington.
Washington	Franklin.
Montana:	
Butte	Silver Bow.
Kalispell [3]	Flathead and Lincoln.
New Jersey:	
Atlantic City	Atlantic.
Bridgeton	Cumberland.
Lakewood-Toms River	Ocean.
Long Branch	Monmouth.
Ocean City-Wildwood-Cape May	Cape May.
Paterson-Passaic [8]	Passaic County.
New York:	
Amsterdam	Montgomery.
Auburn	Cayuga.
Gloversville	Fulton.
Jamestown-Dunkirk	Chautauqua.
Ogdensburg-Massena-Malone	Franklin and St. Lawrence.
Oneonta	Otsego.
Plattsburgh	Clinton.
Schenectady [8]	Schenectady.
Watertown	Jefferson.
North Carolina:	
Fayetteville [3]	Cumberland.
Henderson-Oxford	Franklin, Granville, and Vance.
Kinston	Lenoir.
Lumberton	Robeson.
Rockingham-Hamlet	Richmond.
Wilson	Wilson.
Ohio:	
Athens-Logan-Nelsonville [3]	Athens, Hocking, and Vinton.
Batavia-Georgetown-West Union [3]	Adams, Brown, and Clermont.
Cambridge	Guernsey and Noble.
Portsmouth-Chillicothe [3]	Jackson, Pike, Ross, and Scioto.
(3) Oklahoma:	
McAlester	Pittsburg.
Muskogee	Muskogee.
Okmulgee-Henryetta	Okmulgee.

See footnotes on p. 54.

Section 5(a) redevelopment areas [1]—Continued

State and area	*Area definition* [2] *(Counties unless otherwise noted)*
Pennsylvania:	
Altoona	Blair.
Berwick-Bloomsburg	Columbia except borough of Centralia and township of Conyngham.
Butler	Butler.
Clearfield-Du Bois	Boroughs of Philipsburg and South Philipsburg. Township in Centre County: Rush. Clearfield. Boroughs of Brockway, Falls Creek, Reynoldsville, and Sykesville. Townships in Jefferson County: Snyder, Washington, and Winslow.
Erie	Erie.
Indiana	Indiana.
Johnstown	Cambria and Somerset.
Kittanning-Ford City	Armstrong.
Lewistown	Juniata and Mifflin.
Meadville	Crawford except city of Titusville and townships of Athens, Bloomfield, Oil Creek, Rome, Sparta, Steuben, Troy, and, boroughs of Centerville, Hydetown, Spartansburg, and Townville.
New Castle	Lawrence.
Pittsburgh	Allegheny, Beaver, Washington, and Westmoreland.
Pottsville-Lehighton [9]	Carbon and Schuylkill.
St. Marys [3]	Cameron and Elk.
Sayre-Athens-Towanda	Bradford.
Scranton	Lackawanna.
Sharon-Farrell	Mercer.
Sunbury-Shamokin-Mount Carmel	Borough of Centralia. Township in Columbia County: Conyngham. Montour, Northumberland, Snyder, and Union.
Uniontown-Connellsville	Fayette.
Wilkes-Barre-Hazleton	Luzerne.
Puerto Rico (Commonwealth of):	
Aguadilla	Municipios of Aguada and Aguadilla.
Arecibo [3]	Municipios of Arecibo, Camuy, and Hatillo.
Caguas [3 4]	Municipios of Caguas, Aguas Buenas, Cidra, Gurabo, Juncos, and San Lorenzo.
Guayama	Municipios of Arroyo, Guayama, and Patillas.
Mayaguez	Municipios of Mayaguez.
Ponce	Municipios of Ponce.
San Juan	Municipios of Bayamon, Catano, Guaynabo, and San Juan.

See footnotes on p. 54.

Section 5(a) redevelopment areas[1]—Continued

State and area	*Area definition*[2] *(Counties unless otherwise noted)*
Rhode Island: Providence-Pawtucket	Bristol County, R.I. City of Warwick. Towns in Kent County: Coventry, East Greenwich, and West Warwick. Town in Newport County: Jamestown. Cities of Central Falls: Cranston, East Providence, Pawtucket, Providence, and Woonsocket. Towns in Providence County: Burrillville, Cumberland, Johnston, Lincoln, North Providence, North Smithfield, aond Smithfield. Towns in Washington County: Narragansett and North Kingstown. City of Attleboro. Towns in Bristol County, Mass.: North Attleboro and Seekonk. Towns in Norfolk County, Mass.: Bellingham, Franklin, Plainville, and Wrentham. Towns in Worcester County, Mass.: Blackstone and Millville.
South Carolina: Conway	Horry.
Tennessee:	
Greeneville	Greene.
LaFollette-Jellico-Tazewell[3]	Campbell and Claiborne.
Harriman-Rockwood	Roane and Morgan.
Texas: Laredo	Webb.
Virginia: Big Stone Gap-Appalachia[3]	Lee, Wise, and independent city of Norton.
Washington:	
Aberdeen	Grays Harbor.
Anacortes	Skagit.
Centralia	Lewis.
Wenatchee	Chelan and Douglas.
Yakima	Yakima.
West Virginia:	
Beckley	Raleigh.
Bluefield	Mercer.
Charleston	Kanawha.
Clarksburg	Doddridge, Harrison, and Taylor.
Fairmont	Marion.
Huntington-Ashland	Cabell, and Wayne, Boyd, and Lawrence, Ohio.
Logan[4]	Boone (Washington District) (redefined area includes all of Boone County), Logan, and Lincoln (Harts Creek District).
Morgantown	Monongalia.
New Martinsville	Tyler and Wetzel, and Monroe, Ohio.
Oak Hill-Montgomery	Fayette.
Parkersburg	Pleasants, Ritchie, Wirt, and Wood.
Point Pleasant-Gallipolis[4]	Jackson, Mason, Putnam, and Gallia and Meigs, Ohio.

See footnotes on p. 54.

Section 5(a) redevelopment areas[1]—Continued

State and area	*Area definition*[2] *(Counties unless otherwise noted)*
West Virginia—Continued	
Ronceverte-White Sulphur Springs	Greenbrier and Monroe.
Welch	McDowell.
Wheeling	Marshall and Belmont County, Ohio.
Wisconsin: La Crosse	La Crosse.

[1] The criteria are:

1. Unemployment is currently 6 percent or more of the work force, discounting seasonal or temporary factors, and has averaged at least 6 percent for the periods below; and
2. The annual average rate of unemployment has been at least:
   (*a*) 50 percent above the national average for 3 of the preceding 4 calendar years, or
   (*b*) 75 percent above the national average for 2 of the preceding 3 calendar years, or
   (*c*) 100 percent above the national average for 1 of the preceding 2 calendar years.

Section 5(a) areas are designated on the basis of data provided by the Department of Labor.

[2] Since being designated on June 9, 1961, as redevelopment areas, certain labor market areas have been geographically redefined by the Department of Labor. In most cases, a multiple-county labor market area was split into single county, "very small," labor market areas (normally subject to designation as redevelopment areas under sec. 5(b) of the Area Redevelopment Act). In order to avoid confusion in the administration of the area redevelopment program, the original geographic structure of these labor market areas has been retained. If redefinition involved the addition of political units, such areas were added to the redevelopment area definition; no areas were dropped. It is contemplated that early in 1962 the geographical definition of redevelopment areas will be changed to coincide, wherever possible, with the Department of Labor definition. At the same time, many changes in area eligibility may result from recomputation of unemployment figures in relation to the 1961 national average.

[3] Redefined by Labor, August 1961.

[4] Redefined by Labor, September 1961.

[5] Grayson County formerly designated as a sec. 5(b) redevelopment area.

[6] Redefined by Labor, November 1961.

[7] Redefined by Labor, July 1961.

[8] Subarea.

[9] Redefined by ARA to consist of the Pottsville and Lehighton-Palmerton labor market areas.

Section 5(b) redevelopment areas (excluding Indian reservation areas)

[Eligibility of each area listed below is indicated numerically by one or more of the following: (1) Areas of low income; (2) areas of low farm income; (3) rural development counties; (4) areas of low production farming; (5) very small areas of substantial and persistent unemployment; (6) other.]

State and county name[1]

Alabama:
- Autauga (2)
- Barbour (2)
- Bibb (2)
- Blount (5)
- Bullock (1) (2) (4)
- Chilton (3)
- Choctaw (1) (2) (4)
- Clarke (2) (4)
- Conecuh (1) (5)
- Coosa (3)
- Crenshaw (1)
- Cullman (5)
- Dallas (2) (4)
- Elmore (3)
- Fayette (3) (4)
- Greene (1) (2) (4)
- Hale (1) (2) (4)
- Lamar (1) (2)
- Lowndes (1) (2) (4)
- Macon (1) (2) (4)
- Marengo (1) (2) (4)
- Marion (6)
- Marshall (5)
- Perry (1) (2) (5)

Alabama—Continued
- Pickens (1) (2)
- Russell (2) (4)
- St. Clair (5)
- Sumter (1) (2) (4)
- Washington (1)
- Wilcox (1) (2) (4)

Alaska:
- Aleutian Islands: Election district No. 14 (5)
- Barrow: Election district No. 21 (5)
- Bethel: Election district No. 16 (5)
- Bristol Bay: Election district No. 15 (5)
- Cordova-McCarthy: Election district No. 7 (5)
- Fairbanks: Election district No. 19 (5)
- Kenai-Cook Inlet: Election district No. 12 (4) (5)
- Ketchikan: Election district No. 2 (5)
- Kobuk: Election district No. 22 (5)

See footnotes on p. 60.

Section 5(b) redevelopment areas (excluding Indian reservation areas)—Con.

State and county name[1]

Alaska—Continued
- Kodiak: Election district No. 13 (5)
- Kuskokwim: Election district No. 17 (5)
- Lynn Canal-Icy Straits: Election district No. 6 (5)
- Nome: Election district No. 23 (5)
- Palmer-Wasilla-Talkeetna: Election district No. 9 (5)
- Prince of Wales: Election district No. 1 (5)
- Seward: Election district No. 11 (5)
- Upper Yukon: Election district No. 20 (5)
- Valdez-Chitina-Whittier: Election district No. 8 (5)
- Wade Hampton: Election district No. 24 (5)
- Wrangell-Petersburg: Election district No. 3 (5)
- Yukon-Koyukuk: Election district No. 18 (5)

Arizona:
- Apache (1) (2)
- Mohave (3)
- Navajo (3)

American Samoa (territory of): American Samoa (6)

Arkansas:
- Ashley (2)
- Baxter (6)
- Calhoun (6)
- Chicot (1) (2)
- Cleburne (6)
- Crittenden (1) (2)
- Desha (1) (2)
- Drew (6)
- Fulton (3)
- Independence (3)
- Izard (3)
- Johnson (5)
- Lee (1)
- Lincoln (1) (2)
- Little River (6)
- Madison (1) (3)
- Marion (6)
- Montgomery (1)
- Newton (1)
- Ouachita (3)
- Phillips (2) (3)
- Scott (5)
- Searcy (1)
- Sharp (1)
- Stone (1)
- Van Buren (1) (2) (3)
- Woodruff (1) (3)

California:
- Del Norte (5)
- Lassen (5)
- Plumas (5)
- San Benito (5)
- Sierra (5)
- Trinity (5)

State and county name[1]

Colorado:
- Alamosa (5)
- Clear Creek (2)
- Conejos (5)
- Costilla (5)
- Gilpin (2)
- Huerfano (5)
- Las Animas (5) (6)

Florida:
- Calhoun (5)
- Franklin (5)
- Holmes (1) (5)
- Jackson (3)
- Jefferson (1) (2)
- Lafayette (1)
- Liberty (6)
- Pasco (5)
- Suwannee (3)
- Walton (6)
- Washington (3)

Georgia:
- Baker (1)
- Baldwin (2)
- Banks (1) (2)
- Barrow (2)
- Brantley (5)
- Bryan (5)
- Bulloch (1)
- Burke (1) (2)
- Calhoun (1) (2)
- Chattahoochee (2) (except Ft. Benning)
- Clay (1) (2)
- Crisp (2)
- Dawson (1) (2)
- Dooly (1) (2)
- Dougherty (2)
- Early (1) (5)
- Elbert (2)
- Forsyth (1) (2)
- Franklin (1) (2)
- Glascock (1) (2)
- Habersham (3)
- Hancock (1) (2) (4)
- Heard (1)
- Henry (2)
- Jefferson (1) (2)
- Jenkins (1) (2)
- Johnson (1) (2)
- Laurens (1) (2)
- Lee (1) (2)
- Lincoln (4)
- Lumpkin (1)
- Macon (1) (2)
- Marion (1) (2) (5)
- McIntosh (2)
- Meriwether (3)
- Montgomery (1)
- Oglethorpe (1)
- Pulaski (2)
- Rabun (1)
- Randolph (1) (2)
- Schley (1)
- Screven (1) (2)
- Stewart (1) (2)

See footnotes on p. 60.

Section 5(b) redevelopment areas (excluding Indian reservation areas)—Con.

State and county name[1]

Georgia—Continued
- Sumter (2)
- Talbot (1)
- Taliaferro (1) (2)
- Taylor (1) (2)
- Terrell (1) (2) (5)
- Toombs (2)
- Towns (1) (2)
- Twiggs (3)
- Union (1)
- Walton (2)
- Warren (1) (5)
- Washington (1) (2)
- Wayne (3)
- Webster (1) (2)
- Wheeler (5)
- White (1)
- Wilkes (1) (2)
- Worth (1) (2)

Guam (territory of): Guam (6)

Hawaii: Hawaii (6)

Idaho:
- Benewah (5)
- Bonner (5)
- Clearwater (5)
- Idaho (5)
- Kootenai (5)
- Shoshone Avery-Clarkia CCD (5)

Illinois:
- Edwards (5)
- Richland (5)

Indiana:
- Clark (3)
- Clay (5)
- Crawford (3)
- Greene (5)
- Harrison (3)
- Jasper (5)
- Jennings (5)
- Lawrence (5)
- Monroe (3)
- Morgan (5)
- Ohio (3)
- Orange (3)
- Perry (3)
- Pike (5)
- Pulaski (5)
- Ripley (3)
- Scott (5)
- Sullivan (5)
- Switzerland (3)
- Vermillion (5)
- Washington (5)

Iowa:
- Appanoose (5) (6)
- Monroe (6)

Kansas: Rice (3)

Kentucky:
- Adair (1)
- Allen (3)
- Barren (3) (5)
- Bath (5)
- Butler (1) (3)
- Calloway (5)

See footnotes on p. 60.

State and county name[1]

Kentucky—Continued
- Clinton (4)
- Crittenden (5)
- Cumberland (1)
- Edmonson (3)
- Green (3)
- Hart (3)
- Lawrence (4)
- Lee (1) (4)
- Lewis (3)
- Livingston (1)
- Logan (3)
- Menifee (5)
- Metcalfe (1) (3) (5)
- McCreary (4) 5)
- Monroe (1)
- Morgan (1) (4)
- Nelson (5)
- Oldham (5)
- Owsley (1) (4)
- Pendleton (5)
- Powell (1)
- Pulaski (5)
- Scott (5)
- Shelby (5)
- Simpson (3)
- Warren (3)
- Wayne (5)
- Wolfe (4)

Louisiana:
- Arcadia (5)
- Allen (5)
- Ascension (5)
- Avoyelles (3)
- East Carroll (1) (2) (3)
- East Feliciana (1)
- Evangeline (5)
- Franklin (3)
- Lafayette (4)
- Madison (1) (2) (3)
- Natchitoches (1) (5)
- Red River (1)
- Sabine (5)
- Tensas (1) (2) (3)
- Vermilion (5)
- Vernon (5)
- Washington (3)
- West Carroll (5)

Maine:
- Towns in Aroostook County (5):
  - Crystal
  - Dyer Brook
  - Hersey Town
  - Island Falls
  - Merrill
  - Moro Plantation
  - Oakfield
  - Sherman
  - Smyrna
- Towns in Knox County (5):[2]
  - Camden
  - Cushing
  - Friendship
  - Hope

Section 5(b) redevelopment areas (excluding Indian reservation areas)—Con.

State and county name[1]

Maine—Continued
- Towns in Knox County (5)[2]—Continued
  - Owls Head
  - Rockport
  - St. George
  - South Thomaston
  - Union
  - Warren
  - Rockland City
- Towns in Lincoln County (5):[3]
  - Boothbay[3]
  - Boothbay Harbor[3]
  - Southport[3]
  - Waldoboro[3]
- Towns in Penobscot County (5):[4]
  - Mount Chase Plantation
  - Patten
  - Stacyville
  - Twn 2., R 6, W.E.L.S. (Herseytown)
- Piscataquis (5)
- Washington (3) (5)

Maryland:
- Cecil (5)
- Garrett (3) (5)
- Somerset (5)

Massachusetts:
- Dukes (4)
- Towns in Plymouth County (5):[5]
  - Kingston
  - Plymouth
  - Plympton

Michigan:
- Alger (3) (5)
- Antrim (5)
- Arenac (5)
- Baraga (3) (5)
- Benzie (5)
- Charlevoix (5)
- Cheboygan (5)
- Chippewa (3) (5)
- Dickinson (3)
- Emmet (5)
- Gogebic (3) (5)
- Hillsdale (5)
- Houghton (3) (5)
- Huron (5)
- Iron (3)
- Keweenaw (3) (5)
- Lake (5)
- Lapeer (5)
- Livingston (5)
- Luce (3) (5)
- Mackinac (3) (5)
- Manistee (5)
- Mecosta (5)
- Menominee (3) (except townships of Harris, Myer, Spalding)
- Missaukee (5)
- Oceana (5)
- Ontonagon (3)
- Osceola (5)
- Otsego (5)
- Roscommon (5)

State and county name[1]

Michigan—Continued
- Tuscola (5)
- Van Buren (5)
- Wexford (5)

Minnesota:
- Beltrami (3) (5)
- Carlton (3)
- Clearwater (3) (5)
- Cook (4)
- Hubbard (3) (5)
- Kanabec (3)
- Koochiching (3)
- Lake (3)
- Lake of the Woods (3)
- Pine (3) (5)
- Roseau (5)

Mississippi:
- Attala (1) (2)
- Amite (3)
- Benton (1) (2)
- Bolivar (1) (2)
- Calhoun (3)
- Carroll (1) (2)
- Chickasaw (3)
- Choctaw (1) (2) (4)
- Claiborne (1) (5)
- Clarke (4)
- Clay (2)
- Copiah (3) (5)
- Covington (3)
- De Soto (1) (2)
- Franklin (5)
- Holmes (1) (2) (3)
- Humphreys (1) (2)
- Issaquena (1) (2)
- Jasper (1) (2)
- Jefferson (1) (2)
- Jefferson Davis (1) (2) (4)
- Kemper (1) (2) (4)
- Lafayette (1) (2)
- Lawrence (3)
- Leake (1) (2) (4)
- Leflore (2)
- Lincoln (5)
- Madison (1) (2) (4) (5)
- Marion (5)
- Marshall (1) (2)
- Neshoba (3) (4)
- Newton (1) (2)
- Noxubee (1) (2) (4)
- Oktibbeha (2)
- Panola (1) (2)
- Pike (3)
- Pontotoc (5)
- Quitman (1) (2)
- Sharkey (1) (2)
- Simpson (3)
- Smith (1)
- Sunflower (1) (2)
- Tallahatchie (1) (2) (5)
- Tate (1) (2)
- Tippah (3)
- Tunica (1) (2)
- Walthall (1)

See footnotes on p. 60.

Section 5(b) redevelopment areas (excluding Indian reservation areas)—Con.

State and county name[1]

Mississippi—Continued
- Warren (2)
- Washington (2)
- Webster (1)
- Wilkinson (1) (2) (4)
- Winston (1) (2)
- Yalobusha (1) (2)
- Yazoo (1) (2)

Missouri:
- Bollinger (1)
- Dallas (1)
- Douglas (1) (3)
- Dent (3)
- Hickory (1)
- Howell (3)
- Lafayette (5)
- Ozark (1)
- Pemiscot (5)
- Reynolds (1)
- Ripley (1)
- Shannon (1)
- Stone (3)
- Taney (3)
- Wright (1)

Montana:
- Carbon (5)
- Deer Lodge (6)
- Lake (3)
- Ravalli (3)
- Sanders (5)

Nebraska:
- Boone (3)
- Buffalo (3)
- Custer (3)
- Dawson (3)
- Garfield (3)
- Greeley (3)
- Howard (3)
- Loup (3)
- Nance (3)
- Sherman (3)
- Valley (3)
- Wheeler (3)

Nevada:
- Lincoln (3)
- Mineral (4)

New Mexico:
- Catron (3) (5)
- Colfax (5)
- Grant (5)
- Guadalupe (3)
- McKinley (2) (4)
- Mora (1) (5)
- Rio Arriba (3) (5)
- Sandoval (1) (3) (4) (5)
- San Juan (3)
- San Miguel (3) (5)
- Sante Fe (3)
- Socorro (3) (5)
- Taos (4) (5)
- Valencia (3)

New York:
- Essex (5)

See footnotes on p. 60.

State and county name[1]

North Carolina:
- Alleghany (1)
- Anson (3) (5)
- Ashe (1) (4)
- Avery (4) (5)
- Bertie (3)
- Bladen (5)
- Carteret (5)
- Cherokee (5)
- Clay (5) (6)
- Columbus (5)
- Gates (1)
- Graham (4) (5)
- Hoke (2)
- Hyde (1)
- Lincoln (5)
- Macon (5)
- Madison (1) (4) (5)
- Mitchell (4) (5)
- Person (5)
- Swain (4) (5)
- Warren (5)
- Watauga (1) (3) (4)
- Yancey (4) (5)

Ohio:
- Highland (3)
- Morgan (3)
- Washington (3)

Oklahoma:
- Adair (1)
- Atoka (5)
- Cherokee (1) (3) (5)
- Choctaw (1) (3)
- Coal (5)
- Delaware (5)
- Grady (5)
- Haskell (5)
- Hughes (5)
- Johnston (5)
- Latimer (3)
- Le Flore (5)
- Marshall (5)
- Mayes (5)
- McCurtain (5)
- McIntosh (1)
- Murray (5)
- Ottawa (5)
- Okfuskee (5)
- Pushmataha (1)
- Sequoyah (5)
- Wagoner (5)

Oregon:
- Clatsop (5)
- Columbia (5)
- Hood River (5)
- Josephine (5)
- Lincoln (3) (5)
- Sherman (5)
- Wasco (5)
- Yamhill (5)

Pennsylvania:
- Bedford (3) (5)
- Clarion (3) (5)

Section 5(b) redevelopment areas (excluding Indian reservation areas)—Con.

State and county name[1]

Pennsylvania—Continued
- Clinton (3)
- Forest (3)
- Fulton (3)
- Greene (3) (5)
- Huntingdon (3) (5)
- Jefferson (5) [6]
- Lycoming (3)
- McKean (3)
- Monroe (3)
- Perry (5)
- Pike (3) (5)
- Potter (3) (5)
- Sullivan (3) (5)
- Susquehanna (3) (5)
- Tioga (3) (5)
- Venango (3)
- Warren (3)
- Wayne (3) (5)
- Wyoming (3) (5)

Puerto Rico, Commonwealth of:
- Barranquitas (3)
- Ceiba (5)
- Comerio (3)
- Corozal (3)
- Fajardo (5)
- Humacao (5)
- Las Piedras (5)
- Luquillo (5)
- Maunabo (5)
- Naguabo (5)
- Naranjito (3)
- Orocovis (3)
- Quebradillas (5)
- Salinas (5)
- Trujillo Alto (5)
- Vega Alto (5)
- Vega Baja (5)
- Yabucoa (5)

South Carolina:
- Aiken (2)
- Allendale (1) (2)
- Bamburg (1) (2) (3)
- Barnwell (1) (2)
- Beaufort (1) (2)
- Berkeley (1) (3) (4)
- Calhoun (1) (2)
- Chester (2)
- Chesterfield (3)
- Clarendon (1)
- Colleton (3) (5)
- Darlington (3)
- Dorchester (3)
- Hampton (2)
- Jasper (3)
- Kershaw (3)
- Lancaster (3)
- Lee (1) (2)
- Marlboro (1) (2) (5)
- McCormick (2) (4)
- Orangeburg (1) (2)
- Williamsburg (1)

South Dakota: Shannon (1)

See footnotes on p. 60.

State and county name[1]

Tennessee:
- Benton (6)
- Bledsoe (6)
- Clay (1)
- Cumberland (5)
- Decatur (1)
- De Kalb (1)
- Dickson (5)
- Fayette (1) (2)
- Fentress (6)
- Grainger (1) (3)
- Grundy (5) (6)
- Hancock (1) (4)
- Hardeman (1) (2)
- Hardin (3) (5)
- Hickman (5)
- Houston (1) (3)
- Humphreys (5)
- Jackson (1)
- Johnson (1)
- Macon (1) (3)
- Marion (3) (5)
- McNairy (5)
- Overton (1) (4)
- Perry (1)
- Pickett (1) (4)
- Putnam (6)
- Rhea (5)
- Robertson (5)
- Scott (5)
- Sequatchie (5) (6)
- Sevier (5)
- Smith (5)
- Unicoi (4)
- Union (1) (4)
- Van Buren (1)
- Wayne (5)
- White (5)

Texas:
- Anderson (3)
- Angelina (3)
- Bowie (3)
- Camp (3)
- Cass (3)
- Cherokee (3)
- Delta (3)
- Dimmit (2)
- Franklin (3)
- Freestone (3)
- Gregg (3)
- Harrison (3)
- Henderson (3)
- Hopkins (3)
- Houston (3)
- Jasper (3)
- Kenedy (1) (2)
- Lamar (3)
- Leon (3)
- Madison (3)
- Marion (3)
- McCulloch (5)
- Montgomery (3)
- Morris (3)
- Nacogdoches (3)

Section 5(b) redevelopment areas (excluding Indian reservation areas)—Con.

State and county name[1]

Texas—Continued
- Newton (3)
- Panola (3)
- Polk (3)
- Rains (3)
- Red River (3)
- Robertson (3)
- Rusk (3)
- Sabine (3)
- San Augustine (1) (2) (3)
- San Jacinto (1)
- Shelby (3)
- Smith (3)
- Terrell (2)
- Titus (3)
- Trinity (3)
- Tyler (3)
- Upshur (3)
- Val Verde (2)
- Van Zandt (3)
- Walker (3)
- Waller (1)
- Wood (3)
- Zapata (1) (2)

Utah:
- Beaver (5)
- Carbon (5)
- Emery (5)
- Garfield (5)
- Juab (5)
- Sanpete (5)
- Summit (5)
- Wasatch (5)

Virginia:
- Buchanan (4)
- Carroll (3) (4)
- Cumberland (1) (3)
- Dickenson (4) (5)
- Fluvanna (1)
- Grayson (3)
- Russell (5)
- Scott (4)

Virgin Islands (territory of the):
- Virgin Islands (6)

Washington:
- Clallam (5)
- Ferry (3)
- Jefferson (5)
- Kittitas (5)
- Okanogan (5)

State and county name[1]

Washington—Continued
- Pend Oreille (3) (5)
- Pacific (5)
- San Juan (5)
- Stevens (3) (5)

West Virginia:
- Braxton (3) (5)
- Calhoun (4) (5)
- Clay (4) (5)
- Gilmer (3) (5)
- Grant (5)
- Hampshire (5)
- Hardy (5)
- Lewis (3) (5)
- Lincoln, except Harts Creek district (5)
- Morgan (5)
- Nicholas (5)
- Pendleton (5)
- Pocahontas (5)
- Preston (5)
- Randolph (5)
- Roane (5)
- Summers (3) (5)
- Tucker (5)
- Upshur (3) (5)
- Webster (5)
- Wyoming (6)

Wisconsin:
- Ashland (3) (5)
- Bayfield (3) (5)
- Burnett (3)
- Door (5)
- Florence (3)
- Forest (3) (5)
- Iron (3) (5)
- Juneau (5)
- Langlade (3)
- Lincoln (3)
- Marinette (3)
- Oneida (3)
- Portage (5)
- Price (3) (5)
- Rusk (3)
- Sawyer (3) (5)
- Taylor (3)
- Vilas (3)
- Washburn (3)

Wyoming:
- Big Horn (5)
- Lincoln (5)

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[1] The political subdivisions of the State of Alaska have not yet been formally determined. Election districts are used currently as subdivisions of the State. Subdivisions in Louisiana are parishes and in Puerto Rico are municipios. Subdivisions of counties in West Virginia are magisterial districts and in Idaho are census county divisions.

[2] Constitutes Rockland labor market area.

[3] Constitutes Boothbay Harbor labor market area.

[4] Constitutes Patten labor market area.

[5] Constitutes Plymouth labor market area.

[6] Jefferson, except boroughs of Brockway, Falls Creek, Reynoldsville, and Sykesville, townships of Snyder, Washington, and Winslow (i.e., that portion outside of Clearfield-DuBois area).

Sec. 5(b) redevelopment areas, Indian reservation areas

State	Reservation	County
Alaska	Bristol Bay area, Norton Sound area, Cook Inlet area, and Southeast area.	There are no Indian reservations as such in Alaska.
Arizona	Colorado River	Yuma (Ariz.), parts of Riverside and San Bernardino (Calif.).
	Fort Apache	Apache, Gila, and Navajo.
	Gila River	Pinal and Maricopa.
	Hopi	Navajo and Coconino.
	Navajo	Apache, Coconino, Navajo (Ariz.), McKinley (N. Mex.), San Juan (N. Mex.), and San Juan (Utah).
	Papago	Maricopa, Pima, and Pinal.
	San Carlos	Gila, Graham, and Pinal.
	Salt River	Maricopa.
Idaho	Fort Hall	Bannock, Bingham, Caribou, and Power.
	Nez Perce	Clearwater, Idaho, Lewis, and Nez Perce.
Minnesota	Northern Minnesota Reservation area (Leech Lake, Nett Lake, Red Lake, and White Earth).	Beltrami, Becker, Cass, Clearwater, Itasca, Koochiching, Mahnomen, and St. Louis.
Mississippi	Choctaw	Attala, Jones, Leake, Neshoba, Newton, Kemper, and Scott.
Montana	Blackfeet	Pondera and Glacier.
	Crow	Yellowstone and Big Horn.
	Flathead	Missoula, Flathead, Lake, and Sanders.
	Fort Belknap	Blaine and Phillips.
	Fort Peck	Roosevelt,[1] parts of Valley, Daniels, and Sheridan.
	Northern Cheyenne	Big Horn and Rosebud.
	Rocky Boys	Chouteau and Hill.
Nebraska	Omaha-Winnebago	Mainly Thurston, parts of Burt, Cuming, and Dixon.
New Mexico	Acoma	Valencia.
	Jemez	Sandoval.
	Jicarilla	Rio Arriba, small part in Sandoval.
	Mescalero	Otero
	Ramah	McKinley and Valencia.
	Santo Domingo	Rio Arriba, Sandoval, and Santa Fe.
	Zuni	McKinley and Valencia.
North Carolina	Eastern Cherokee	Graham, Jackson, and Swain.
North Dakota	Fort Berthold	Dunn, McKenzie, McLean, Mercer, and Mountrail.
	Fort Totten or Devils Lake	Mainly Benson and Eddy, parts of Nelson and Ramsey.
	Standing Rock and Sioux	Sioux (N. Dak.) and Corson (S. Dak.).
	Turtle Mountain	Rolette.
Oregon	Warm Springs	Wasco, Jefferson, Clackamas, Marion, and Linn.
South Dakota	Cheyenne River	Mainly Dewey and Ziebach, parts of Haakon, Meade, Perkins, and Stanley.
	Crow Creek-Lower Brule	Mainly Buffalo and Hughes, parts of Brule and Hyde, Lyman, and Stanley.
	Pine Ridge	Bennett, Shannon, and Washabaugh.
	Rosebud	Mainly Todd, parts of Mellette, Tripp, and Gregory.
	Sisseton	Mainly Marshall and Roberts (S. Dak.), parts of Sargent, Richland (N. Dak.).
	Yankton	Charles Mix and Bon Homme.
Utah	Uintah and Ouray	Mainly Duchesne, parts of Grand, Uintah, and Wasatch.
Washington	Colville	Mainly Perry, Okanogan, part of Stevens.
	Yakima	Mainly Yakima, part of Klickitat.
Wisconsin	Northwestern Wisconsin Reservation area (Bad River, Lac Courte Greilles, Lac du Flambeau, Red Cliff, and St. Croix).	Ashland, Bayfield, Burnett, Iron, Oneida, Polk, Sawyer, and Vilas.
Wyoming	Wind River	Mainly Fremont, part of Hot Springs.

[1] All of Roosevelt County is now designated as a redevelopment area.

82976—62——5

Supplemental List of Redevelopment Areas

(To be added to the consolidated list of January 18, 1962), March 18, 1962

U.S. Department of Commerce, Area Redevelopment Administration, Washington, D.C.

Statistical summary

Basis for designation	Redevelopment areas	
	Number	Population [1]
5(a) areas	146	21.4
5(b) areas (except Indian reservations)	728	13.1
Total	874	34.5
5(b) Indian reservation areas	50	.2

[1] Approximation in millions.

Source: Compiled in the Economic Analysis Division, Office of Planning and Research, Area Redevelopment Administration.

Section 5(a) redevelopment areas [1]

State and area	*Area definition*
Puerto Rico (Commonwealth of):	Municipios of
Carolina	Carolina and Loiza.
Manati	Barceloneta, Ciales, Manati, and Morovis.
Yauco	Guanica, Guayanilla, and Yauco.

[1] The criteria are:

1. Unemployment is currently 6 percent or more of the work force, discounting seasonal or temporary factors, and has averaged at least 6 percent for the periods below; and
2. The annual average rate of unemployment has been at least:
   (*a*) 50 percent above the national average for 3 of the preceding 4 calendar years; or
   (*b*) 75 percent above the national average for 2 of the preceding 3 calendar years; or
   (*c*) 100 percent above the national average for 1 of the preceding 2 calendar years.

Sec. 5(a) areas are designated on the basis of data provided by the Department of Labor.

Section 5(b) redevelopment areas

(Excluding Indian Reservation Areas)

[Eligibility of each area listed below is indicated numerically by one or more of the following: (1) Areas of low family income; (2) areas of low farm family income; (3) rural development counties; (4) areas of low production farming; (5) very small areas of substantial and persistent unemployment; (6) other]

State and county name

Alabama:
- Butler (5)
- Cherokee (5)
- Chilton (3) (5)
- De Kalb (5)
- Fayette (3) (4) (5)
- Jackson (5)
- Limestone (5)
- Shelby (5)
- Winston (5)

State and county name

Arkansas:
- Conway (5)
- Franklin (5)
- Perry (5)

Idaho: Boundary (5)

Illinois:
- Carroll (5)
- Jersey (5)
- Mercer (5)
- Monroe (5)
- Moultrie (5)
- Randolph (5)

Section 5(b) redevelopment areas—Continued

State and county name[1]

Indiana:
- Dearborn (5)
- Martin (5)
- Spencer (3)
- Starke (5)

Kentucky:
- Carlisle (5)
- Fulton (5)
- Hickman (5)
- Lyon (5)
- Russell (5)

Louisiana:
- Webster Parish (5)

Michigan:
- Gratiot (5)
- Sanilac (5)

Minnesota:
- Douglas (5)

Mississippi:
- Hancock (5)

State and county name[1]

Missouri:
- Carter (6)
- Grundy (3)
- Mercer (3)
- Oregon (6)
- Texas (6)
- Wayne (6)

North Carolina:
- Sampson (5)
- Washington (5)

Oklahoma:
- Nowata (5)
- Pontotoc (5)

Tennessee:
- Cocke (5)

Texas:
- Limestone (5)

Wisconsin:
- Menominee (6)

Sec. 5(b) redevolpment areas, Indian reservation areas

State	Reservation	County
Nevada	Pyramid Lake	Part of Washoe.
New Mexico	Isleta Pueblo	Bernalillo and part of Valencia.
	Laguna Pueblo	Valencia and parts of Bernalillo, Sandoval.

Senator KERR. You may proceed.

Secretary GOLDBERG. With permission I will not attempt to read the statement, but will try to summarize its contents and make some other remarks with reference to the subject at hand.

This is a very important piece of legislation which this committee is considering. It is a piece of legislation whch involves a problem with which the Congress of the United States has been very much concerned, both at this session and at the last session of the Congress and throughout the years. This problem is, I think, of all problems before the Congress the least political in character. Every Member of the Congress is concerned about the unemployment of people who want to work. And there are unemployed people everywhere in the country, just as in the country there are more employed people than we have ever had before.

Senator KERR. Would you put in the record at this point or furnish for the record at this point a table showing, let us say, for the last 10 or 12 years the number of employed and the number of unemployed for the period closest to this date?

Secretary GOLDBERG. I will be glad to do so. I have some charts that I am going to make reference to in a few minutes. They may shed some light on this subject.

Senator KERR. Very well.

Secretary GOLDBERG. I think that we ought to view this problem in the whole perspective of our economy. I am old enough as a Cabinet officer, the second oldest, to remember that when the statement was made by leading officials of an administration that the goal of the country was to have 60 million jobs, that this was looked upon as an

unobtainable goal for our country. Well, as a matter of fact, right here now, as we consider the serious unemployment problem I am going to discuss in a moment, I am very glad to report to you that we have 66,316,000 Americans at work, a new March record, for which we take great satisfaction.

Senator KERR. Is that exclusive of farm employment?

Secretary GOLDBERG. That includes farm employment.

Senator KERR. Does it include the armed services?

Secretary GOLDBERG. It does not include the armed services.

While we take satisfaction from this fact, another fact that all Americans can be proud of is the fact, for example, that the factory workweek is more than a full hour above a year ago, and that those who are employed are earning at record levels. In fact, for the first time in the history of our country the earnings of factory workers in the durable goods section of our manufacturing industries have averaged more than $100 a week for a full year. And, again, I draw upon my ripe years to remember an article I read in a national magazine many years ago where a goal was projected for America of a national income of $5,000 a year, at that time regarded to be unachievable as a goal for America.

Senator KERR. The number of employed that you gave, does that include the self-employed?

Secretary GOLDBERG. Yes, it does. All people who work for a. living.

Therefore, in presenting the testimony of another aspect of the problem I do not want it to be believed that this administration, and I am certain that the Congress would have the same view, does not want to present the economy in its total perspective. There is no tendency here in presenting the measures we are discussing today to accentuate the negative and to neglect the positive. We have an obligation, as the Congress does, to share it together, the executive and the legislative, and to candidly talk about all of our problems.

While we have these great achievements in our economy, while the national income is up to its highest level, and production is up to its highest level, we have a stubborn and difficult problem of unemployment.

Let us look at what that problem is, because it relates directly to the subject matter of this bill. As mentioned, Mr. Chairman, in response to a question during the testimony of the distinguished Senator from Pennsylvania, Mr. Clark, present unemployment is 4,382,000. These are the new March figures that were released by the Department of Labor last Friday, the regular release date of the Department.

The seasonally adjusted rate is 5.5 percent. We have made considerable progress since last year even in this area. A year ago in March the unemployment rate was 6.8 percent. So we have decreased unemployment from 6.8 to 5.5 percent, or, in numbers, we have decreased it by 1,100,000 from March a year ago.

This total of 4,382,000 unemployed represents too many unemployed. Particularly troublesome is the fact that in this group there are a large number of long-term unemployed. In March 1,500,000 of the unemployed have been unemployed for 15 weeks or more. One-half of these unemployed—one-half of this number—about 700,000 have been unemployed for 27 weeks or more.

Actually, one of the disturbing points, and one of the reasons why we brought this bill before you, with the amendment that has been proposed, is that although we are making progress, it is not enough progress in the total unemployment situation. There has been no recent improvement in the long-term unemployment figure. In fact, it has moved up slightly in actual numbers. Since February the long-term unemployed moved up somewhat.

Senator KERR. From what?

Secretary GOLDBERG. From somewhat over 1,400,000 in February to nearly 1,500,000 in March.

Senator KERR. In other words, about 7 percent or nearly 8 percent?

Secretary GOLDBERG. About 4 percent.

Senator CASE. Just for clarification on the use of this term "employed and unemployed," Mr. Secretary, when you use the term "unemployed" are you referring to people who are drawing unemployment compensation benefits?

Secretary GOLDBERG. No.

Senator CASE. The reason that I ask that question is because you mentioned 26 weeks. And that has been the period for which unemployment compensation has been payable. How then do you measure who is truly unemployed?

Secretary GOLDBERG. I am glad you asked that question. The figure is 27 weeks and purely coincidental here; the 26 weeks, which is the average unemployment compensation payable in most States—some pay more and some pay somewhat less—is a separate consideration. The long term unemployed, 27 weeks or more, is to show how many people are unemployed for one-half year or more, who are likely to have exhausted their rights to unemployment compensation under most regular State programs.

Senator CASE. Right at that point, to go one step further, recently the District of Columbia decided to extend that from 26 to 44 weeks, I believe. Is it your thought that that should be a pattern for the country—would you feel that it would be desirable for all States to adopt a 44 week eligibility for unemployment compensation payments?

Secretary GOLDBERG. I believe this: we have made a proposal to the Congress on unemployment compensation which is before the appropriate committees of the Congress. We have actually made two proposals. Because of the full schedule of the Congress and the fact that the Ways and Means Committee at the moment is heavily involved in a good deal of legislation and cannot reach the permanent bill, we have made a temporary proposal to extend a temporary program. What we have said in the permanent bill, which indicates the philosophy of the administration about unemployment compensation, is that the States are carrying a pretty big burden with reference to unemployment compensation. We have thus proposed in the permanent bill that the long-term unemployed, those who are unemployed more than 26 weeks, be taken care of by a program financed by a Federal tax and that the States continue to pay benefits for that part of the program for unemployment up to 26 weeks. In other words, that the normal incidence of unemployment up to 26 weeks is a burden that the State would carry under their traditional unemployment compensation system; that the more extended unemployment program which I will demonstrate by the charts is becoming more and more a national problem, should be met by a national program.

Senator CASE. I am glad to have those comments, but I wonder now if you would go back to the original question. What are the bases on which this 4,382,000 unemployed is based?

Secretary GOLDBERG. We count in the unemployed everyone who is actually seeking, ready, and willing to work. The insured unemployed do not include all of these. For example, the young people who have never had a job before who drop out of school and who apply for a job are not covered by unemployment compensation, because they have not acquired the benefits that are provided for this purpose. Yet they are very much unemployed, as I will show in the charts in a minute. Almost 1 million of the 4,382,000 are young people, many of whom are not eligible for unemployment compensation but are very much unemployed.

Senator MCNAMARA. You indicate that in this group that you are referring to also includes those people who are dropouts?

Secretary GOLDBERG. That is quite correct. I emphasize the dropouts because that is in our minds very much. Also, as I will show you, there is a very substantial group who completed their normal education and whom we would not characterize as school dropouts. They are graduates from high school. They are included here.

In addition, Senator Case, there are included people who have exhausted their unemployment benefits but who are still unemployed. As you see, most of the long-term unemployed, nearly 750,000, at least one-half of the 1,500,000—more than one-half of them—would be in this category. They would have normally exhausted their unemployment compensation benefits under State laws. So that what we are talking about right now are the people actually out of work, whether or not they have unemployment compensation.

Senator CASE. But it does not include those under the requirement that they be able to work and ready to work and willing to work but are not able to find employment?

Secretary GOLDBERG. Yes, sir.

Senator PROUTY. I understand that according to Senator Clark the Chavez amendment would give employment to about 150,000 to 200,000 people. Is that correct?

Secretary GOLDBERG. I am going to talk about that, Senator Prouty, if I may, later.

Senator PROUTY. I wonder what will happen to the other 1 million.

Secretary GOLDBERG. I want to talk about that in terms of the total program.

I am going to address myself specifically to that problem, because we are all interested in that problem. I want to sketchily mention the problems and then point out what the relationship is of this program and some other programs to this problem.

I think we now have the perspective of the picture. We have more people employed than ever before in our history. A substantial number are unemployed, and a substantial number of the unemployed have been unemployed for a substantially longer period.

Everybody in the Congress and in the administration would hope and the goal is that our private economy should pick up this gap, this employment gap—everybody wants that. Nobody is under any illusion that any program by itself is the equivalent of an economy which is expanding and is growing; that is, a private economy which

is expanding and growing at the proper rate and which provides jobs in private industry at good American wages. That is the goal. That is what we all want. That is what we are seeking to obtain. That is what the administration's programs are designed to help in this case.

Senator CASE. Could I go one step further in the light of what you just said? Do you recall the figure for unemployment compensation benefits in the District of Columbia under the new law?

Secretary GOLDBERG. As the exact figure—I do not remember it exactly—it has been improved just recently. What sticks in my mind in the law that Congress just passed, is that it was something in the neighborhood of $40, but I can't give you the exact figure.

Senator CASE. It was $47 which was the figure I had in my mind. I was wondering if in measuring those who do not have a job—who do not find a job—would you say that if a man was in the District of Columbia and could get a job at $35 a week but would prefer to take the unemployment benefit of $47 a week, that that person would be legitimately classified as unemployed?

Secretary GOLDBERG. The test of drawing unemployment compensation under almost every State law, including the District of Columbia, is that a person must accept suitable employment, which means suitable employment for him, for his training, for his background, for what he has done. I am sure nobody here would want any State law—and this is mostly defined by State laws and what Congress has defined in general—nobody would want or hope to have a system which compels the person with skill, training, qualification, and who has put in years of education or years of apprenticeship to accept a menial job below what he has been doing at a substandard rate. What has happened in the District of Columbia and elsewhere is this on unemployment compensation, and this is why we have appeared before the Finance Committee and the Ways and Means Committee. When the Congress first adopted the unemployment compensation basic statute, the concept of the statute was that unemployment compensation should realize about 50 percent of the man's wage on the average. As a matter of fact, today throughout the country unemployment compensation has fallen below that goal in terms of earnings. Today throughout the country unemployment compensation benefits, if I remember the figures correctly, are down in the neighborhood of 35 or 40 percent, at most. I think it is closer to 35 percent.

So that really, Senator, this is the question I have found in traveling around the country—and I travel around a great deal—that unemployment is not encouraged by unemployment compensation—quite the contrary. People want to work—they would much rather work than draw unemployment compensation. Unemployment compensation is a poor substitute for a wage.

Senator CASE. Unemployment compensation is a poor substitute for a wage or the satisfaction that comes from a regular job, but take the instance of the District of Columbia with $47 a week which can be obtained by not working, by staying at home and fixing up things around the property a little bit—would you expect everyone to forgo the opportunity of getting $47 without work, to take a $50-a-week job, where he would have to pay for transportation and the like?

Secretary GOLDBERG. He could not do that under the law if the job offered was for the type of work he had been doing and approximately its equivalent in wages. If the man has traditionally been doing a job which pays the wage offered, then he is disqualified from receiving unemployment benefits if he does not accept that job.

Senator CASE. If the job is offered to him through an employment office?

Secretary GOLDBERG. If there are job opportunities available. He registers with the employment office.

Senator CASE. Suppose he does not look for it—suppose he says, "I can get 26 weeks" and he can get more than that now, 44 weeks at $47, if that is the figure, and he can do a little uncompensated work for the family or around the house, in the yard, and does not look for a job.

Secretary GOLDBERG. I believe the maximum number of weeks of benefits he can get under the new amendments is 34. The test is that he must be actively in the labor market, available and ready for a job. If a job is available to him, whether he looks for it or not, and he does not accept it, he is disqualified.

Senator CASE. Do you know what measures are taken to insure that this test is applied? What disturbed me was to see in the paper this morning that Senator Byrd of West Virginia had instituted an investigation to determine the eligibility of people who are receiving relief supplies in the District of Columbia and I was astounded to read when checks were made that they so far indicated that possibly 50 percent of those who had been receiving these supplies were not entitled to receive them. Do you know whether or not a similar check is being made with respect to those who apply for or are receiving unemployment compensation?

Secretary GOLDBERG. Under the system that Congress has set up, the Federal and State system of unemployment compensation—the State's unemployment administrators, are primarily responsible for administering these qualifications and rules.

Senator CASE. What about the District of Columbia?

Secretary GOLDBERG. The District of Columbia has the District of Columbia Board.

Senator CASE. Then, of course, it has the same rules that affect the relief cases that Senator Byrd of West Virginia has brought to light?

Secretary GOLDBERG. Since relief grants are made on a different basis from unemployment insurance benefits this would not be so. I want to say this, moreover, that my experience in the last 15 months is that the unemployment administrators throughout the country apply these rules very vigorously and very intelligently. We watch the situation here, that of unemployment compensation payments in the District of Columbia, very strictly. We have a good employment security administrator here. I cannot speak with authority on the matter of relief, because that is not within my jurisdiction, but I can assure you, Senator Case, that this is a subject very much in the minds of the administrators throughout the country, and I know from our own State experience, and perhaps you, undoubtedly, have spoken to your own administrator—that the men who are in charge of these programs in the States are very dedicated to this task.

Senator CASE. I think, probably, most of the States have administrators who are a little more diligent in this regard than they might be in the District of Columbia, because it is so much easier in the District of Columbia, whereas in the States the unemployment compensation burden is such that they try to keep it down, particularly in those States which have developed an experience rating where they try to maintain as fine a level of employment as possible.

Secretary GOLDBERG. I want to assure you that the supervisors in the District of Columbia, which is a Federal operation, are very vigilant in this area. We apply no different test to the District of Columbia in the area we are discussing than we do in any other area. Experience rating is in existence in the District as in the States.

Senator CASE. I am glad to have you say that. I doubt very much that you could go, on an average, to the 50 Commonwealths of the Union and find on a satisfactory spot check what Senator Byrd is finding in relief matters, that 50 percent of those receiving supplies are not entitled under the law to receive them.

Secretary GOLDBERG. Again, I cannot talk about welfare relief here, because it is not in my area, but I can assure you that in the unemployment compensation area we are very vigilant. We carefully police the Federal part of the program. Our object is that we do not want to spend 1 cent of unemployment compensation unnecessarily. I also want to say that the unemployment compensation program throughout the country has been a tremendous program that has helped many people.

Senator CASE. I am not questioning that. We started out here by trying to get a clarification of who was an unemployed person.

Secretary GOLDBERG. We are going to use some charts now, but before I refer to the charts I want to answer a question that Senator Case asked me a moment ago about the young people—what percentage they were of the unemployed. Pertinent to this program are the characteristics of the unemployed, which we will deal with in these charts.

We found some very interesting things in making the studies that the Senate Finance Committee authorized us to make when we discussed unemployment compensation. Senator Kerr is very familiar with that.

We found that while unskilled workers constituted only 5 percent of the American labor force they constitute triple that proportion or 15 percent of the unemployed. We also found that while everybody assumes that a construction worker is well off during this period—and this is particularly relevant to the types of legislation we are discussing, because there would be a great deal of construction work in the public works program—we found that the seasonally adjusted unemployment rate of construction workers during the past 6 months has been more than double the rate for all workers. That is, between 12 and 15 percent or, in other words, one out of eight construction workers is unemployed. Now, part of that is, undoubtedly, due to the weather in the last 6 months, although it does often include months that are good construction months, but what is worth observing is that there has been a little decline in the industry, in the rate of new construction. And so there has not been the improvement in this area we had hoped to have. And when you also consider the

fact that 18 percent of the construction labor force is unskilled, then, perhaps, we will see, as I will point out in a few minutes, the relevancy to this type of program we are discussing.

We discovered another thing about the unemployed. Just as one out of almost four of our young people, one out of every four of the total unemployed are young people, one out of every four of the long-term unemployed are older men, 45 years of age or over. And later when I analyzed what has been happening in industry and in agriculture you will begin to see the need for the type of help that we are proposing.

I would like to refer to the charts for a moment to highlight some of the considerations that have brought about the proposal of the administration here.

Senator KERR. Before you do that, Mr. Secretary, would you explain for the record the meaning of the term "seasonally adjusted unemployment rate"?

Secretary GOLDBERG. Yes. Every year we find that unemployment always rises in some months and falls in other months. This happens whether times are good or bad, because some industries have normal slack seasons and busy seasons. I might mention construction, which falls off every winter and makes some construction workers unemployed.

Now to get the true picture—not just the effects of the season—our statisticians work out the pattern that unemployment normally follows each month of the year. These statisticians work with electronic computers and the system they follow, which has been worked out with high-level statisticians of other Government agencies and approved by the Office of Statistical Standards of the Bureau of the Budget, this system produces seasonal adjustment factors which permit us to discount the effect of the season and see what is happening beyond that.

Senator KERR. Does that mean that during certain months the figures given for the actual unemployment rate is higher and during other months it is actually lower?

Secretary GOLDBERG. That is correct. In February, for example, the actual unemployment rate may run more than 15 percent higher than the seasonally adjusted rate. Seasonal adjustments are made over the year to present a proper perspective.

Senator KERR. Then would many of the months for which they are given they reflect the seasonally adjusted, not only that but the actual?

Secretary GOLDBERG. The figures I am talking about are all seasonally adjusted figures.

Senator KERR. I know that, but there must be 1, 2, 3, or 4 months——

Secretary GOLDBERG. Where the actual and the seasonal may be similar?

Senator KERR. Where they might be alike?

Secretary GOLDBERG. Yes, there may be. It varies only in significance.

Senator CASE. The charts that you have there, Mr. Secretary, do they go back a substantial number of years, such as to 1948 as shown?

Secretary GOLDBERG. Yes, they do.

Senator CASE. Has there been any change in the industry picture used for this adjustment seasonally during this period of time or are all of these figures based upon using the same factors?

Secretary GOLDBERG. Very substantially the same factors, although we reconsider each year's new data to see if there have been any changes in the seasonal pattern.

Senator CASE. Thank you.

Senator MCNAMARA. The Secretary made reference to the construction industry and pointed out that 18 percent are, I believe he termed them, unskilled or lower paid?

Secretary GOLDBERG. Yes.

Senator MCNAMARA. I am assuming now that you are talking about on-the-site employment?

Secretary GOLDBERG. In construction.

Senator MCNAMARA. And if you considered the impact of additional construction work, including the off-the-site work, then you would take in a great many more?

Secretary GOLDBERG. Yes.

Senator MCNAMARA. Are the people you are referring to in this 18 percent?

Secretary GOLDBERG. That is correct. We were dealing with on-the-site construction workers as such.

Senator GRUENING. This chart does not include the unemployment statistics in Alaska, does it; and do the subsequent charts include Alaska?

Secretary GOLDBERG. Yes, this includes Alaska and Hawaii.

Senator GRUENING. How does it come that in your list of areas of continuous substantial unemployment appended to your statement that Alaska is not included? You have listed 39 major areas and 56 smaller areas of unemployment. And Alaska in all but two areas is eligible for ARA.

Secretary GOLDBERG. It is in the other document, the consolidated list of redevelopment areas corrected to March 18, 1962. We have two documents. We have this consolidated list of redevelopment areas, and then a list of the areas of substantial unemployment for 12 months for use in connection with the Chavez amendment. I will submit a copy of both to be printed as part of my statement.

Senator GRUENING. I have only this statement.

Secretary GOLDBERG. There are two statements. Look at the consolidated one.

Senator KERR. When an area is put under the area development program then it is no longer shown on the other list?

Secretary GOLDBERG. Most of the areas here also qualify under the other list, so that we only added those areas in the second list which were not already included in the redevelopment area. They would qualify in the other.

Senator KERR. I wonder if each of us might have that?

Secretary GOLDBERG. Yes, sir; we are passing that out. We ought to have this in the record.

Senator GRUENING. I still do not understand why, despite this that we are not included in your listing of the 39 major areas and the 56 smaller areas where there is substantial unemployment.

Secretary GOLDBERG. We did not want to duplicate the two lists. This is in addition to this. Most of the area of redevelopment areas are qualified under the second list; in fact, almost all of them do, because the test for area development is much stricter than the area of substantial unemployment of 6 percent for 12 months and more. Really, it should be one list.

In order to make it crystal clear, Mr. Chairman, both of these lists should be regarded as one list.

Senator GRUENING. The reason I raised the question is that Alaska has been excluded from one of these lists, the one appended to your prepared statement.

Secretary GOLDBERG. You were in the first list.

Senator KERR. You have the highest priority.

Secretary GOLDBERG. I must say that there is a serious unemployment problem as you correctly pointed out a few minutes ago.

I shall now discuss chart No. 1 which I have here. Here we can see what has been happening with respect to unemployment. This chart shows on the right side the seasonally adjusted unemployment rate on a monthly basis from 1957 to the present time. This same chart on the left shows it on an annual basis from 1948 to the present time. And as I said in my testimony, one of the aspects of our employment situation—and later I think I can point out the reason for it by another chart—one of the disturbing aspects is that after each recession period we have had in the past several years, as we go into recovery we have emerged at a higher level of unemployment. This is apparent from the way this chart on the left runs when we talk about annual averages.

Here you also see from this chart the progress I have indicated. The unemployment rate is down now to 5.5 percent.

Senator CASE. Are you going to put these charts in the record?

Secretary GOLDBERG. With the permission of the chairman we will reproduce these charts and offer them for the record.

Senator CASE. If not, when you are using the pointer there, if you will refer to the year and show that it would help.

Secretary GOLDBERG. If I may have permission to correct the record in this respect, I will do so. And I will explain the numbers.

Senator CASE. You pointed to something earlier and said, "here."

Secretary GOLDBERG. I will put the number on the chart into the record. I have been referring to the chart that we will call chart No. 1, entitled "Seasonally Adjusted Unemployment Rate," and when I said "here" I meant the right-hand side of the chart.

Senator CASE. Running from 1957 to 1962?

Secretary GOLDBERG. Yes. And here we are talking about 1948 to 1962 on the left. [Pointing to the chart.]

Now this chart shows what I indicated to you in my testimony.

Senator KERR. This will be chart No. 2 and the record will reflect this by the insertion of the chart at the appropriate point in the Secretary's testimony.

Secretary GOLDBERG. This chart deals with long-term unemployment. This chart graphically illustrates how the long-term unemployed are rising now, even during the period of very substantial economic recovery which we are having, where the gross national product has risen from $500 billion to over $540 billion, and where unemploy-

CHART 1

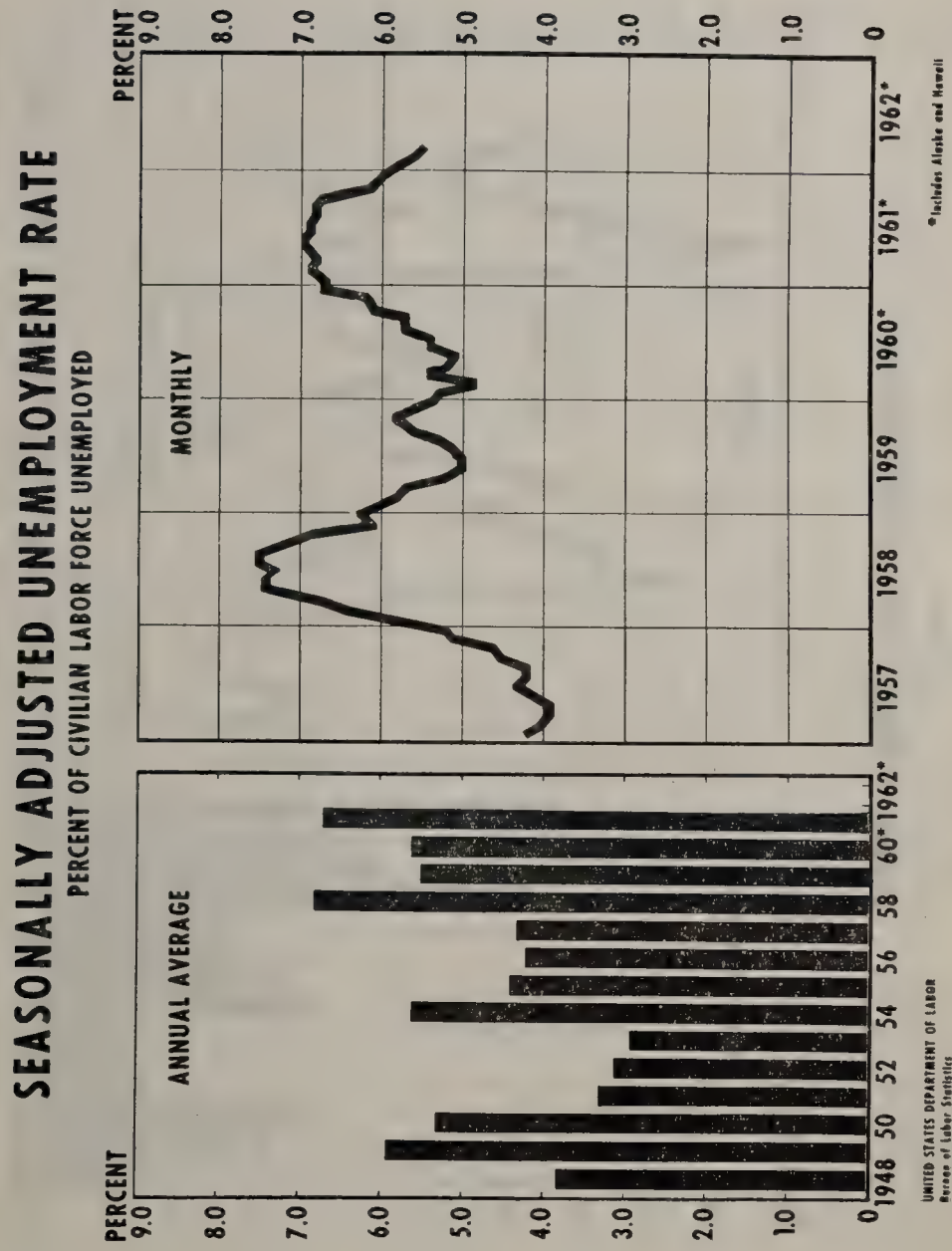
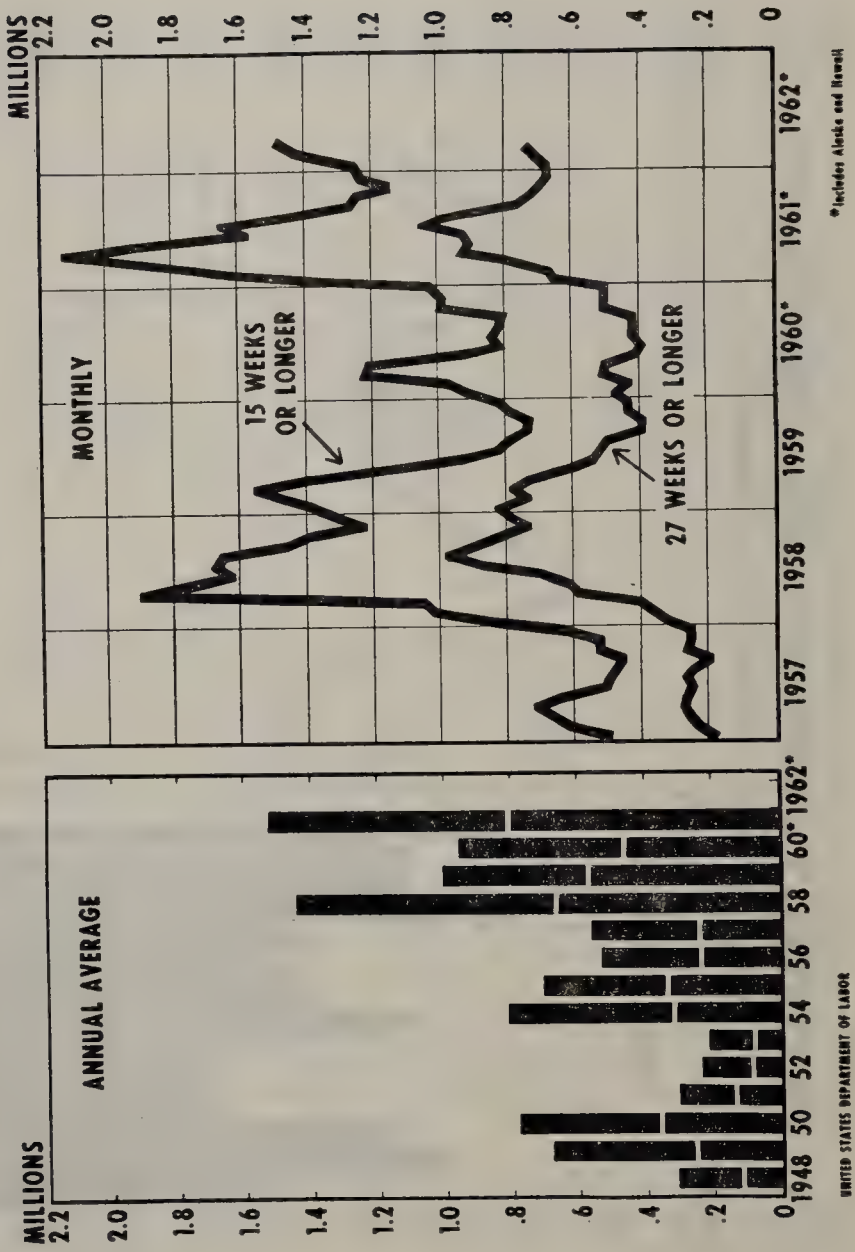

SEASONALLY ADJUSTED UNEMPLOYMENT RATE
PERCENT OF CIVILIAN LABOR FORCE UNEMPLOYED
ANNUAL AVERAGE
MONTHLY
PERCENT
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0
1948
50
52
54
56
58
60*
1962*
1957
1958
1959
1960*
1961*
1962*
UNITED STATES DEPARTMENT OF LABOR
Bureau of Labor Statistics
*Includes Alaska and Hawaii

CHART 2

LONG-TERM UNEMPLOYMENT



ment as you saw in the prior chart, No. 1, has been declining, the long-term unemployment is still very high.

Senator KERR. And has increased?

Secretary GOLDBERG. Yes. And here on the same chart, in the bottom line—I was referring to the top line, the 15 weeks or longer before—in the bottom line we have 27 weeks or longer and again you will notice that it is increasing. This is the 700,000 number to which I made reference before.

Another phenomenon of our economy which we will explain later is the tendency for long-term unemployment to remain at a higher level after each recession.

Let me cite just a few figures from chart 2 to illustrate this point: In July 1953, just prior to the 1953–54 recession, the seasonally adjusted unemployment rate in this country stood at 2.6 percent. This recession was then followed by substantial improvement, but in July 1957, just prior to the 1957–58 recession, the seasonally adjusted unemployment rate stood at 4.2 percent. After this particular recession the unemployment rate fell again, but in May 1960, just prior to the 1960–61 recession, the seasonally adjusted unemployment rate was 5.1 percent.

Thus, each succeeding business cycle of the past decade has left us with a higher rate of unemployment, even at the peak of the prosperous period.

Senator CASE. The charts that you are using here with orange and yellow markings, will the charts to be submitted for the record contain that indication?

Secretary GOLDBERG. We will have to refer to the orange line as the lower line and the yellow line as the higher line.

Senator CASE. So that we can get the contrast in black and white?

Secretary GOLDBERG. With your permission I will make that reference in the transcript, so that it will be self-explanatory. [Displaying chart No. 3.] This chart relates to the question put by Senator Case in relationship of the insured unemployed to the total unemployed. You will see that while the general trend—this is chart No. 3—indicates that the general trend of insured unemployment parallels the trend for all unemployed, generally, you can say that insured unemployment is about three-fifths of the total unemployment.

Senator KERR. You say about three-fifths?

Secretary GOLDBERG. Yes.

Senator KERR. Three-fifths of the total. Which means that at any given time about three-fifths of those unemployed are receiving unemployment compensation?

Secretary GOLDBERG. That is roughly true. It varies from 40 to 60 percent depending on the state of the economy and the time of year. The two lines which we will now refer to as yellow and orange (the higher and lower lines) the higher line shows the total unemployment, with which we started out on chart No. 1. And this line shows the uninsured unemployment, the orange line, which shows how closely parallel the trends are. This provides us with a very valuable supplement to our statistics because in the insured unemployment we do actually have a head count, and in the total unemployment we use a sampling device. The statisticians point to the correlation between these two.

CHART 3

TOTAL AND INSURED UNEMPLOYMENT IN THE UNITED STATES

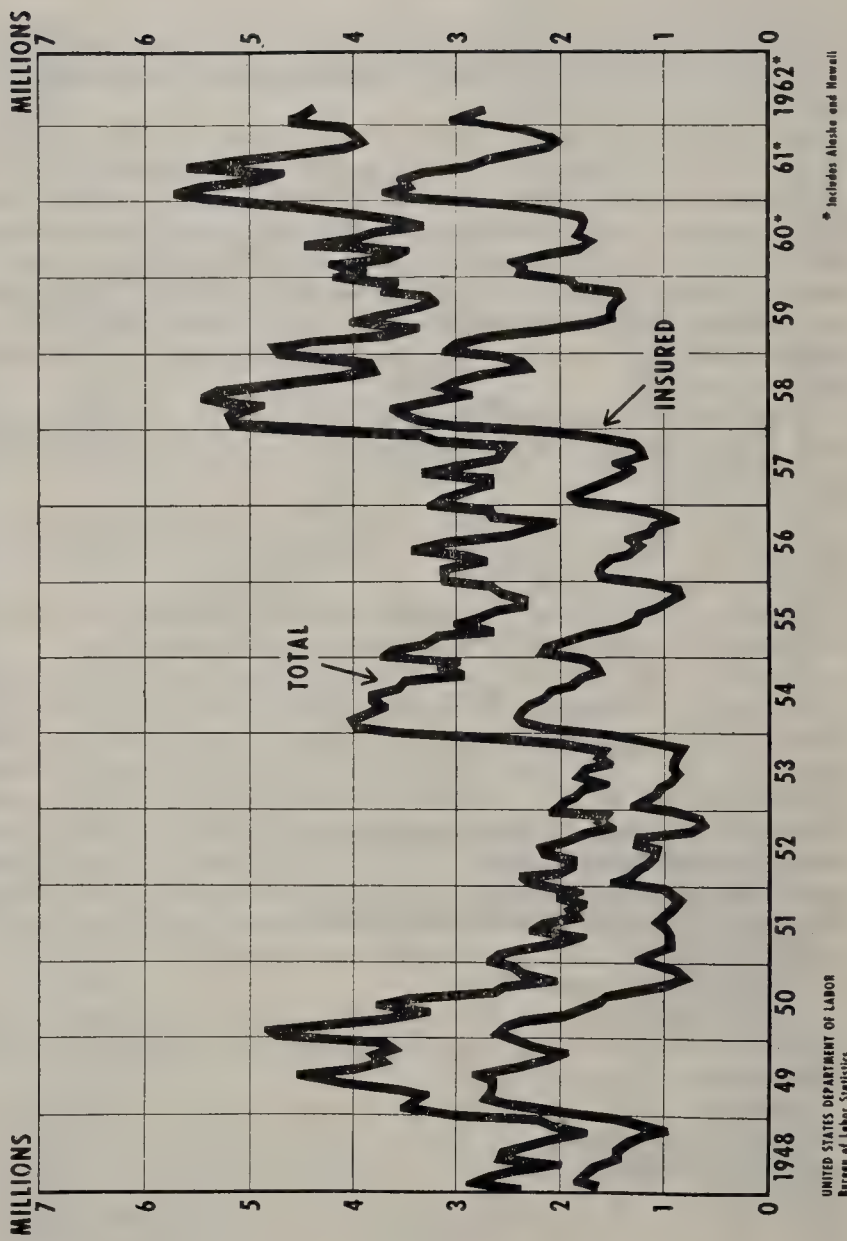


CHART 4

STATE INSURED UNEMPLOYMENT RATES
1961

[Pointing to chart No. 4.] Everywhere I show this chart I get indignant statements by Members of Congress, members of the public, mayors, Governors, and everybody, but I would like to explain this chart. This chart shows annual averages of the State insured unemployment rates for 1961. This is chart 4. It shows the States insured unemployment rates. It does not reflect the two-fifths who are unemployed but not insured. And it is much below the total actual unemployment in these States—substantially below.

Senator KERR. You mean the figures there do not state or reflect the percentage of the labor force which is unemployed, but the insured is substantially less than the total unemployed?

Secretary GOLDBERG. That is correct—substantially less.

Senator KERR. The relationship is about 60 percent?

Secretary GOLDBERG. Yes.

Senator KERR. So that would mean that with reference to the figures for the States shown there the unemployment, the actual unemployment rates would be, approximately, two-thirds or higher than the figures on the map?

Secretary GOLDBERG. And sometimes even higher than that depending upon the particular State and the number of exhaustions. I have a few illustrations here which illustrate this. Even when I give these figures sometimes the State people have figures which they point to as being better. I have Alaska here, I see. I will give it to you. You mentioned it.

Actual average unemployment in 1961 in certain States (10 highest based on the 1961 annual averages of the 42 States that estimate total unemployment)

	Percent		Percent
1. West Virginia	12.7	7. Ohio	7.3
2. Alaska	11.1	8. Maine	7.2
3. Michigan	10.1	9. Alabama	7.1
4. Pennsylvania	9.4	10. Arkansas and Tennessee (tied)	7.0
5. Rhode Island	7.8		
6. Louisiana	7.4		

Senator GRUENING. We are not represented on the map, are we? I do not see Alaska on this map of the 48 lower States. If so, point it out on the map.

Secretary GOLDBERG. Yes, here it is—here you are—it is on the map.

Senator KERR. It is awfully close to California. [Laughter.]

Senator GRUENING. Why have we shrunk so?

The figure for Alaska on chart No. 4 is 12.3. The most recent figure is similar to yours—17.3.

Senator CASE. Is that the highest in the Union?

Secretary GOLDBERG. Yes.

Senator PROUTY. Mr. Secretary, you have given us unemployment figures. Do we have any figures which indicate the nmber of jobs that are going begging at the present time?

Secretary GOLDBERG. I will talk about that, too. There are jobs that are going begging. I do not want anybody to assume that there are not. We will point out the character of the jobs that are going begging and then demonstrate what our problem is. Congress, I think, has dealt with it.

Senator KERR. The reporter will show that there was an actual identification of the Alaska figure on the chart, and in so doing Senator Gruening's remarks will have relationship in the minds of his colleagues as to the location.

Senator RANDOLPH. When are you going to give these figures?

Secretary GOLDBERG. The table I have filed for the record give examples of these figures. I could go through several of the States. I do not have them all.

Senator RANDOLPH. Will you go back to the mainland there?

Secretary GOLDBERG. Yes; West Virginia.

Senator RANDOLPH. You have the figure on what?

Secretary GOLDBERG. That is the insured unemployment.

Senator RANDOLPH. That is 8.4. What is the highest?

Secretary GOLDBERG. We have an annual average figure in your State for actual unemployment in 1961 of about 12.7 percent. And in some areas of the State it reaches as high as 25 percent. This is the actual unemployment.

Senator RANDOLPH. Yes, but what is the State with the highest figure?

Senator KERR. On the mainland.

Secretary GOLDBERG. I believe West Virginia.

Senator RANDOLPH. That is correct. It is a dubious distinction, but it is unfortunately a fact.

Secretary GOLDBERG. That is correct. When I accompanied you on a tour of the State, I found that out.

Senator RANDOLPH. The chairman was most considerate and understanding of these matters earlier today while Senator Clark was testifying about unemployment in certain areas of his State, for example, the Uniontown-Connellsville area in Pennsylvania. The opportunity was afforded me to indicate whether we were in a lesser position of unemployment or a greater position of unemployment. And I said in many instances it was higher. I desired, at that point, to place in the record certain figures, but I wanted to be very correct. Mr. Chairman, may I give just four or five figures relating to unemployment in West Virginia?

Senator KERR. Yes, sir.

Senator RANDOLPH. In the Oak Hill and Montgomery area of West Virginia, the present unemployment is 24.5 percent.

Senator KERR. That is the total?

Senator RANDOLPH. That is correct. And in the Pikesville, Ky., and Williamson, W. Va., areas it is 23.8 percent.

In Welch and surrounding McDowell County the percentage is 22.6 percent. And in the Beckley area the rate is 21.7 percent.

And in Logan and Boone Counties, the present rate is 21.2 percent. And for Webster County it is 23.2 percent.

I hesitated to insert these figures, but we must be realistic, Mr. Secretary, about the urgency of an affirmative program.

I do not wish to be critical, but I think we are approaching this immediate problem with a certain amount of timidity. I am afraid there are some persons who think that if we talk realistically about unemplyoment we may reflect, at least, in a slight degree upon the activity of the Kennedy administration. I think just the opposite

is true. But there are persons who are inclined to evade this question, as it were, and we in West Virginia want to face the facts.

I remember when the Secretary came before the Committee on Labor and Public Welfare; he said that he would never hesitate to give promptly the actual unemployment figures for the Nation, and I commend him for having done so.

Secretary GOLDBERG. Thank you very much, Senator. I think, as I said at the outset, that candor in this area is completely required and it is important that Congress can properly weigh what can be done about it.

Senator GRUENING. I call your attention to the fact that in the Nome administrative area the unemployment is 26.26 percent, and in the Petersburg area it is 39.7 percent, which is certainly higher and far beyond anything else anywhere in the Union. These are figures from Alaska's Department of Labor in its report of March 31.

Senator GOLDBERG. May I point this out, that this is not confined, however, to Alaska and West Virginia. The list that we have given as to the communities, almost a thousand of them, that have been designated as a redevelopment area indicates that we have pockets of unemployment in areas all over the country. I could give some other figures here.

Everybody assumes that when they read the press that California does not have unemployment. That is not true. Fresno, Calif., has an unemployment rate of 11.4 percent, and Stockton, Calif., has an unemployment rate of 14.5 percent. Thus, this is illustrative only to indicate that this is a national problem.

Chart No. 4 shows that even under the lower figures of insured unemployment there is no area in the country which does not have an unemployment problem and that it is a national problem.

Senator RANDOLPH. I believe in your compilation here you are considering approximately 30 States out of 50 States?

Secretary GOLDBERG. As a matter of fact, between the two lists, the areas designated as redevelopment areas under the Area Redevelopment Act, the Labor Department list of areas of substantial unemployment, we are covering 48 of the 50 States. This is Chart No. 5, I believe. This chart shows that employment has been increasing. This is the chart which illustrates the 66 million figure I talked about before. There it is right there at the present time on the chart, at the end of the chart, in the orange color (the narrow line—actual employment), 66 million. The seasonally adjusted figure is the yellow or wider line. You see the pattern of increase is also present.

The trouble here is that while we have grown enormously in the number of jobs, we have not grown enough. That is the real story.

Now, Senator Prouty, I did not want to evade your question. There are jobs that are available and there are jobs that will become available in the United States. We will later talk about why don't they match with job vacancies, but this job chart, Chart No. 6, will help to explain it. We look ahead now. We cannot only look backward because you have to have programs in the Congress for the present and the future, and as we look ahead we see that technical and professional jobs will increase tremendously in the next decade, 40 percent. Proprietors and managers will increase substantially. Clerical

CHART 5

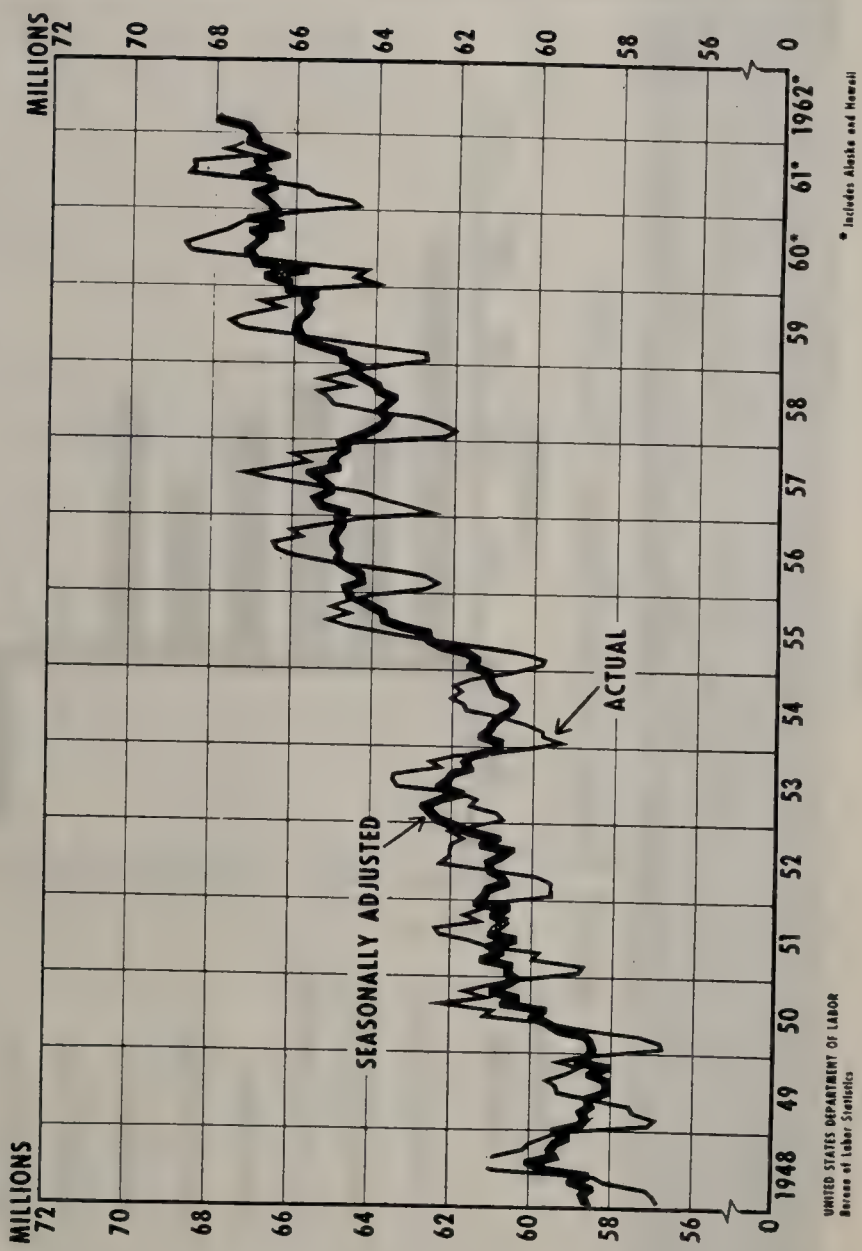
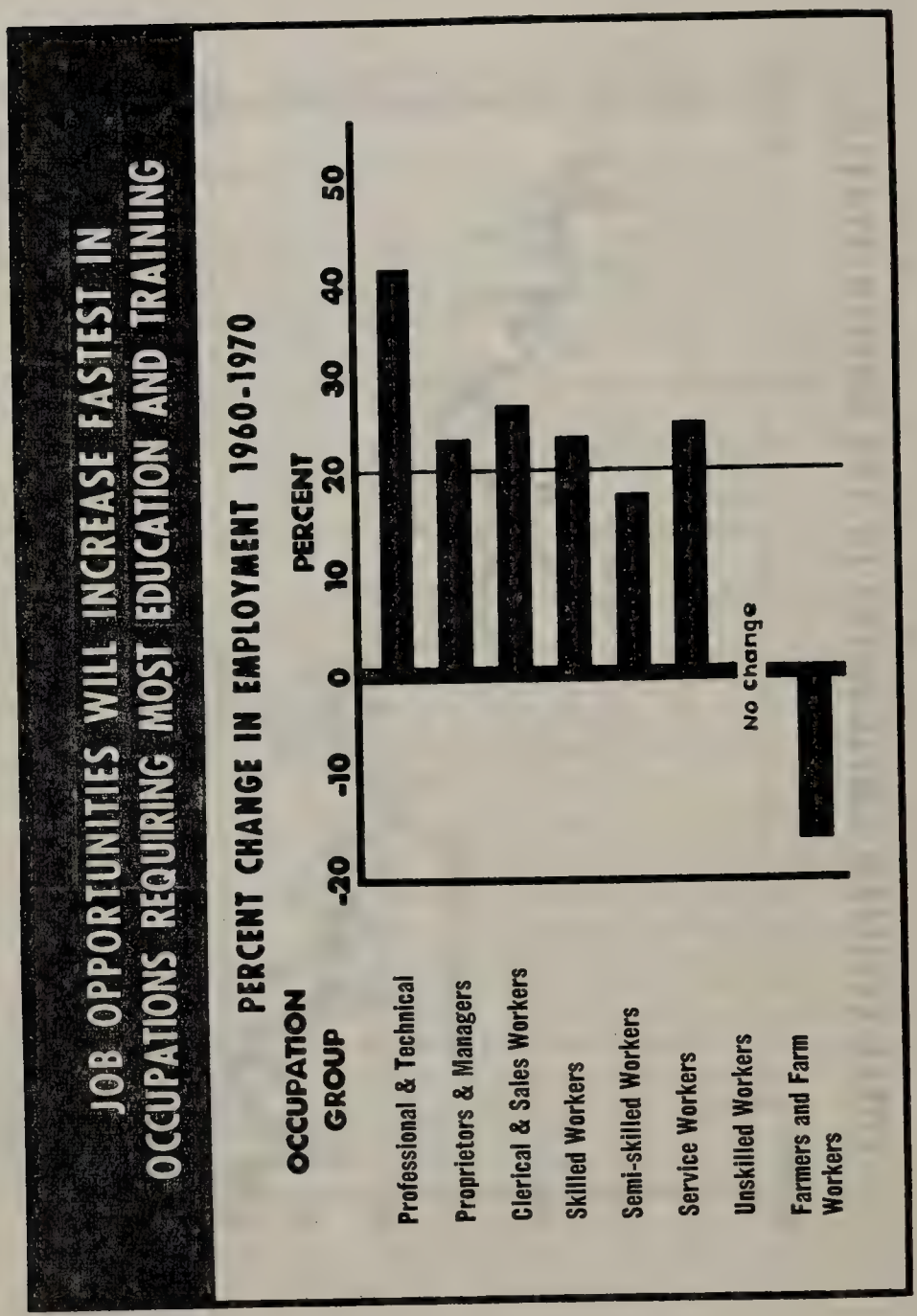

TOTAL CIVILIAN EMPLOYMENT IN THE UNITED STATES
MILLIONS
72
70
68
66
64
62
60
58
56
0
SEASONALLY ADJUSTED
ACTUAL
1948
49
50
51
52
53
54
55
56
57
58
59
60*
61*
1962*
* Includes Alaska and Hawaii
UNITED STATES DEPARTMENT OF LABOR
Bureau of Labor Statistics

CHART 6


JOB OPPORTUNITIES WILL INCREASE FASTEST IN OCCUPATIONS REQUIRING MOST EDUCATION AND TRAINING
PERCENT CHANGE IN EMPLOYMENT 1960-1970
OCCUPATION GROUP
PERCENT
-20
-10
0
10
20
30
40
50
Professional & Technical
Proprietors & Managers
Clerical & Sales Workers
Skilled Workers
Semi-skilled Workers
Service Workers
Unskilled Workers
Farmers and Farm Workers
No change

and sales workers will increase substantially. Skilled workers will increase not so substantially, but they will increase. Semiskilled workers will increase. This chart shows the percentage of increase in these job categories.

Senator KERR. The ratio of all thus far.

Secretary GOLDBERG. Yes, but we are coming into something which is much more——

Senator KERR. And it will increase.

Secretary GOLDBERG. And service workers will increase very substantially. Unskilled workers will stay stationary. In other words, with the growing population, which will be a very great growth in the next 10 years, the unskilled workers will not change.

Senator KERR. There will be no more jobs for unskilled workers than they have now.

Secretary GOLDBERG. That is correct. The chart shows that the change in farm occupations will be reversed—farmworkers will lose jobs.

Senator CASE. Would you read the percentage on that?

Secretary GOLDBERG. Senator, if I would estimate the percentage of farm jobs which will be lost in the next decade is about 18 percent.

Senator KERR. That is, there would be 18 percent less farm jobs than now exist?

Secretary GOLDBERG. That is correct, sir.

Senator KERR. In the next decade?

Secretary GOLDBERG. That is correct. This is the projection of manpower as we look ahead.

Senator CASE. Would you indicate the basis of these projections? I think this is one of the most interesting charts that has been shown, as apart from the immediate problem which this bill suggests, but this is a matter which should concern business and concern industry and agriculture and concern the educators, and so forth.

SECRETARY GOLDBERG. These are based upon an analysis of trends of what has been happening already during the last two decades. Projecting what has happened in output and employment with also the inquiries made of farms and companies and industries as to their future job trends. So you have a combination of an analysis of the past plus projecting into the future.

Senator CASE. Has this been updated since we got to putting people into space?

Secretary GOLDBERG. The fact of the matter is we have considered it because we have found, for example, that the space industry is not a new industry now. It has been going on for the last 10 years.

Senator CASE. That is reflected in the professional, technical, and some of those others.

Secretary GOLDBERG. That is correct.

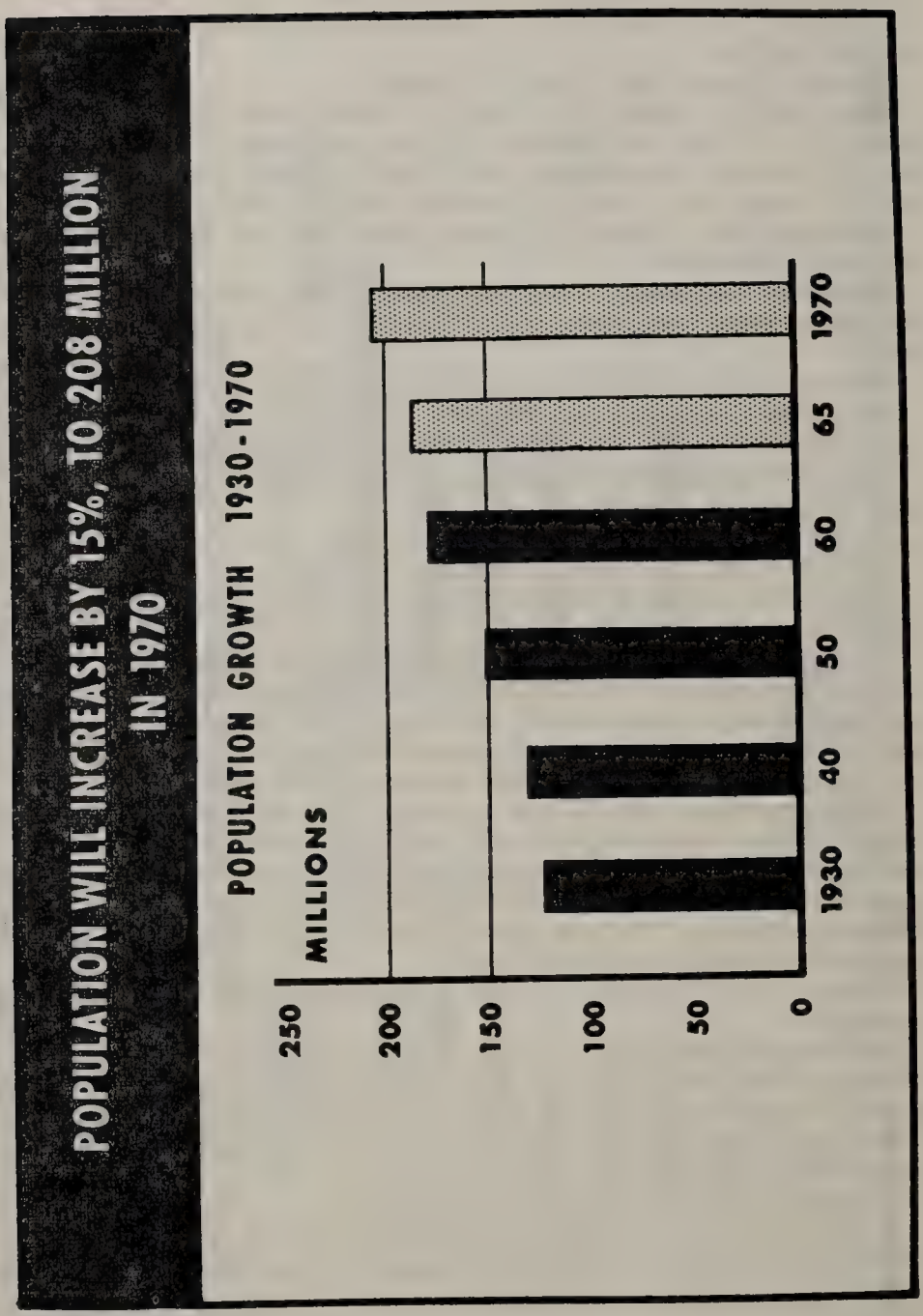
Senator PROUTY. It takes into consideration the Army?

Secretary GOLDBERG. Yes, with respect to the effect of the requirements on the civilian economy.

Senator KERR. I would like to ask a question right here. What is the estimate of your statisticians as to the increase in population in this regard?

Secretary GOLDBERG. I will have that in a minute. I have a chart here, chart 7, which shows this.

CHART 7


POPULATION WILL INCREASE BY 15%, TO 208 MILLION IN 1970
POPULATION GROWTH 1930-1970
MILLIONS
250
200
150
100
50
0
1930
40
50
60
65
1970

Senator KERR. I wanted to get it in here because I wanted to relate it to the number of farm jobs. You estimated that there will be an 18 percent decrease in the number of farm jobs in the next 10 years.

Secretary GOLDBERG. Here is the population estimate, Mr. Chairman, on chart 7. The population will increase by 15 percent to 208 million in 1970.

Senator KERR. That would mean then 23 million, approximately.

Secretary GOLDBERG. That is correct.

Senator KERR. How many farm jobs are there today in your tabulation of employed persons?

Secretary GOLDBERG. About 6 million. Is that correct? About 6 million.

Senator KERR. So that you estimate that while 6 million people now feed the Nation, consisting of 185 million people, that 10 years from now less than 5 million will feed a nation with a population of 208 million.

Secretary GOLDBERG. That is correct. That demonstrates the long-range trend that the farm economy is one of our most productive parts of the economy of the country.

Senator CASE. Then, Mr. Secretary, these percentages on chart 6, the one you had few minutes ago on job opportunities——

Secretary GOLDBERG. Yes.

Senator CASE (continuing). Those percentages take into consideration the population trend as well?

Secretary GOLDBERG. Yes.

Senator CASE. The percentage of population. And as an absolute figure there will be, or you can take the precentages and apply it to the total population at any given period.

Secretary GOLDBERG. That is correct.

Senator KERR. You know that there is very respectable authority which thinks the increased population will be much more than 23 million in the next 10 years.

Secretary GOLDBERG. Yes. This is a conservative view of the population explosion.

Senator KERR. But your figures percentagewise have been compiled so as to apply to the population whether the increase may be more or less?

Secretary GOLDBERG. Yes, sir. I want to speed this up a bit because I want to address myself further to this. Chart 6 indicates the future job areas, but I have a chart that will indicate the direct answer to what you asked me a few minutes ago.

Senator KERR. Now you are talking to Senator Prouty?

Secretary GOLDBERG. Yes. I am talking to Senator Prouty. But before I do that I want to use this chart for your benefit.

Senator KERR. It is the chart designated "Age and Sex of the Unemployed," for the benefit of the record.

Secretary GOLDBERG. That is correct. I mentioned this in the testimony I gave briefly about the character of the unemployed. Here you see how unemployment ran in February, by age groups, and as between men and women. In our male population, age 14 to 19—this, Senator McNamara, is the group in which there are a large number of school dropouts. It is what I referred to first. These males made up 4 percent of the civilian labor force in February, but there was 10 per-

CHART 8

AGE AND SEX OF THE UNEMPLOYED
2/62

AGE GROUP	CIVILIAN LABOR FORCE (Percent)	UNEMPLOYED (Percent)	UNEMPLOYMENT RATE THIS YEAR	UNEMPLOYMENT RATE YEAR AGO
TOTAL	100	100	5.6	6.9
Male	66	66	5.3	6.7
14-19	4	10	14.6	16.6
20-24	6	10	8.5	10.9
25-44	30	25	4.1	5.5
45 & over	26	21	4.1	5.3
Female	34	34	6.4	7.7
14-19	3	6	14.5	5.3
20-24	4	5	7.6	9.3
25-44	14	14	5.6	7.2
45 & over	13	9	4.3	5.0

cent unemployment in this group. In other words, we see the difficulty of youngsters of this age, unskilled and untrained and uneducated—the difficulty they have in getting a job; 20 to 24——

Senator KERR. You are talking about males only?

Secretary GOLDBERG (continuing). Yes. This group constitutes 6 percent of the labor force and 10 percent of the unemployed. It is still very high. Age 25 to 44, 30 percent of the labor force and 25 percent of the unemployed. These are the people who are at the peak of their productive careers. They are doing better. But the percentage they have indicates they still constitute a large percentage of the unemployed. When you get to 45 and over, it is 26 percent of the labor force. That is the figure I told you about. And it is 21 percent of the unemployed.

We have in these two areas, from 14 to 24, 20 percent and 45 and over, 21 percent. It is a little distorted because we haven't added the girls and women. If we add the total figure you will come out roughly in these two areas of the young and those over 45 with about half of the unemployed. Girls 14 to 19 contribute 3 percent of the labor force and 6 percent of the unemployed. In the age group, these proportions are 20 to 24, 4 and 5 percent. There the women do better on unemployment in this category than do their counterparts among the men; 25 to 34, 14 percent of the labor force and 14 percent of the unemployment; 45 and over, 9 percent of the unemployment.

Senator PROUTY. Have you anything to indicate the number of women over 20 who are married?

Secretary GOLDBERG. Yes, I do, but I do not have it at hand. However I can file it for the record. We have made an analysis of the rela-

tionship between the employment of married women and jobless married men. This analysis shows that the allegation that employed women take away jobs from men has little merit.

With your permission, Mr. Chairman, I will file that for the record.

(The document referred to is as follows:)

LABOR FORCE GROWTH OF MARRIED WOMEN [1]

An estimated 13.3 million married women were working or looking for work in March 1961, representing nearly one-fifth of the Nation's labor force. As in most other recent years, they accounted for a large part—two-fifths—of the country's labor force increase over the preceding year.

Between April 1951 and March 1961, the number of married women in the work force rose by 4.2 million, accounting for almost one-half (45 percent) of the total labor force growth during this period. This substantial increase, as pointed out in earlier reports, resulted primarily from the increasing propensity of married women of all ages to work outside the home. It occurred despite the fact that a large proportion of the married women today have passed their prime working years, and more women have children to restrict their outside work activity. In fact, if the labor force participation rates (proportion of population in the labor force) for specific groups of married women, by their age and by presence and age of children, had remained unchanged over the 10-year period, the total number of married women in the labor force would have stayed at the same general magnitude—about 9.4 million compared with the 1951 figure of 9.1 million—despite a 4.5-million increase in their numbers in the population.

While labor force increases during this period were widespread among married women of different ages, the most striking gains occurred among women over 35 years of age, particularly those over 45 years (table 7). The number of married women 45 years old and over in the labor force nearly doubled during these 10 years as their labor force participation rate rose sharply (from 21 percent to 32 percent). They represented close to 40 percent of all married women in the work force in March 1961, compared with 30 percent in April 1951. The median age of all working married women rose from 38 years to 41 years.

The substantial labor force increase among older married women was reflected in a large gain of about 1 million in the number of working wives with no children under 18. However, the most striking labor force increase for all married women in terms of the presence and age of their children was among those with children of school age only (6 to 17 years), whose numbers rose by 2 million. This gain was shared about equally by women 35 to 44 years of age and those over 45 years. Among women with children of preschool age the increase was 1 million, or about the same as for those without children under 18.

The role of married women in the employment developments of recent years has been even more impressive than their role in labor force changes. While they accounted for close to one-half of the Nation's labor force expansion between 1951 and 1961, they contributed nearly two-thirds of the total gain in employment. Since relatively fewer married women worked in the recession-affected goods-producing industries, they shared in only a small part of the substantial increase in unemployment (total unemployment rose by 3.5 million between April 1951 and March 1961 compared with an employment increase of 5.7 million), but they continued to find employment opportunities in the expanding service industries, including such shortage areas as education and health services. The number of married women employed in the service industries alone rose by an estimated 2½ million and accounted for approximately 45 percent of the country's total employment growth over the 10 years. Another 15 percent of the employment gain was among married women in trade. The number in manufacturing jobs in 1961 was virtually the same as in 1951.

[1] Excerpted from Bureau of Labor Statistics Special Labor Force Report No. 20, "Marital and Family Characteristics of Workers, March 1961," by Jacob Schiffman, Division of Manpower and Employment Studies, Monthly Labor Review, January 1962.

TABLE 7.—*Population and labor force of married women, husband present, by age and presence and age of children, March 1961 and April 1951*

Age of women and presence and age of children	March 1961 [1]				Change, April 1951 to March 1961			
	Population (thousands)	Labor force			Population (thousands)	Labor force		
		Number (thousands)	Percent distribution	Percent of population		Number (thousands)	Percent distribution	Percent of population
AGE OF WOMEN								
Total	40,524	13,266	100.0	32.7	4,526	4,180	----------	7.5
14 to 34 years	13,868	4,150	31.3	29.9	−244	468	−9.2	3.8
14 to 24 years	4,419	1,394	10.5	31.5	119	228	−2.3	4.4
25 to 34 years	9,449	2,756	20.8	29.2	−363	240	−6.9	3.6
35 years and over	26,656	9,116	68.7	34.2	4,770	3,712	9.2	9.5
35 to 44 years	10,203	3,920	29.5	38.4	1,425	1,246	.1	7.9
45 years and over	16,453	5,196	39.2	31.6	3,345	2,466	9.2	10.8
45 to 54 years	8,124	3,445	26.0	42.4	1,492	1,563	5.3	14.0
55 years and over	8,329	1,751	13.2	21.0	1,853	903	3.9	7.9
Median age (years)	41.1	41.4	----------	----------	1.7	3.2	----------	----------
AGE OF WOMEN AND PRESENCE AND AGE OF CHILDREN								
Total	40,524	13,266	100.0	32.7	4,526	4,180	----------	7.5
No children under 18 years	16,606	6,186	46.6	37.3	426	1,170	−8.6	6.3
14 to 34 years	2,212	1,381	10.4	62.4	−1,196	−455	−9.8	8.5
14 to 24 years	1,311	791	6.0	60.3	−271	−23	−3.0	8.8
25 to 34 years	901	590	4.4	65.5	−925	−432	−6.8	9.5
35 years and over	14,394	4,805	36.2	33.4	1,622	1,625	1.2	8.5
35 to 44 years	1,841	1,063	8.0	57.7	−507	−3	−3.7	12.3
45 years and over	12,553	3,742	28.2	29.8	2,129	1,628	4.9	9.5
45 to 54 years	4,635	2,121	16.0	45.8	357	795	1.4	14.8
55 years and over	7,918	1,621	12.2	20.5	1,772	833	3.5	7.7
Children 6 to 17 years only	10,596	4,419	33.3	41.7	2,668	2,019	6.9	11.4
14 to 34 years	1,864	840	6.3	45.1	148	240	−.3	10.1
35 years and over	8,732	3,579	27.0	41.0	2,520	1,779	7.2	12.0
35 to 44 years	5,086	2,176	16.4	42.8	1,332	962	3.0	10.5
45 years and over	3,646	1,403	10.6	38.5	1,188	817	4.2	14.7
Children under 6 years	13,322	2,661	20.1	20.0	1,432	991	1.7	6.0

14 to 34 years	9,792	1,929	14.5	19.7	804	683	.8	5.8
14 to 24 years	3,073	590	4.4	19.2	401	258	.7	6.8
25 to 34 years	6,719	1,339	10.1	19.9	403	425	0	5.4
35 years and over	3,530	732	5.5	20.7	628	308	.8	6.1
35 to 44 years	3,276	681	5.1	20.8	600	287	.8	6.1
45 years and over	254	51	.4	20.1	28	21	.1	6.8

[1] Data for 1961 include Alaska and Hawaii and are therefore not strictly comparable with data for 1951. This inclusion has resulted in a population increase of about 150,000 and a labor force increase of about 50,000; it has not significantly affected the percent of population in the labor force.

NOTE: Because of rounding, sums of individual items may not equal totals.

TABLE 8.—*Full-time and part-time workers in nonagricultural industries, by marital status and sex, March of 1956 and 1961* [1]

[Numbers in thousands]

Year, marital status, and sex	Total at work	Full-time workers [2]	Part-time workers [3]	
			Number	Percent of total at work
MARCH 1961				
Total	58,724	50,688	8,036	13.7
Male	37,738	34,791	2,946	7.8
Single	5,531	4,023	1,508	27.3
Married, wife present	30,332	29,083	1,249	4.1
Other marital status [4]	1,875	1,685	189	10.1
Female	20,986	15,897	5,090	24.3
Single	5,063	3,819	1,244	24.6
Married, husband present	11,412	8,484	2,928	25.7
Other marital status [4]	4,511	3,594	918	20.4
CHANGE BETWEEN MARCH 1956 AND MARCH 1961 [5]				
Total	3,066	967	2,099	3.0
Male	622	−39	661	1.6
Single	−262	−435	173	4.3
Married, wife present	1,111	673	438	1.3
Other marital status [4]	−227	−277	50	3.5
Female	2,444	1,006	1,438	4.6
Single	279	−128	407	7.1
Married, husband present	1,612	859	753	3.5
Other marital status [4]	553	275	278	4.2

[1] Data relate to the civilian noninstitutional population 14 years of age and over.
[2] Includes persons who worked 35 hours or more during the survey week or worked 1 to 34 hours but usually worked 35 hours or more.
[3] Includes persons who worked 1 to 34 hours and usually worked 1 to 34 hours.
[4] Includes widowed, divorced, and married, spouse absent.
[5] Allowance has been made for inclusion of Alaska and Hawaii in the 1961 figures.

NOTE.—Because of rounding, sums of individual items may not equal totals.

As would be expected in view of these industry changes, the most striking employment gains among married women in recent years were in professional, office, and service occupations. Between April 1952 and March 1961, about two-fifths of their increase was in clerical jobs, about one-fourth in service occupations other than in private households, and about one-fifth in professional jobs. The number of married women who were operatives—their second largest major occupational group—was unchanged over this period.

While discussions of employment trends of married women have usually emphasized part-time rather than full-time work, married women actually accounted for a greater proportion of the recent increase among full-time workers than among part-time workers. In the 5-year period ending March 1961, the total number of full-time workers rose by about 1 million—about half as much as for part-time workers (table 8). About 850,000 of the total full-time gain was among married women, compared with an estimated increase of 675,000 for married men. (Fewer single persons were working full time.) On the other hand, the gains in part-time employment were distributed among all marital and sex groups, with approximately one-third of the expansion among married women.

WORKING MARRIED WOMEN-JOBLESS MARRIED MEN

The large and growing number of married women at work and the relatively large number of unemployed married men with family responsibilities are frequently cited in arguments that these women should yield their jobs to unemployed married men. Some married men would undoubtedly find jobs under these circumstances, but probably fewer than some people might expect.

One of the reasons for this conclusion is the big difference in the occupational distribution of employed married women and unemployed married men. Most married women have white-collar jobs whereas most unemployed married men are from blue-collar occupations (table 9). At the time of this survey, about 1 million, or nearly one-half of the unemployed married men, were craftsmen or nonfarm laborers. As would be expected, only a very small number of married women were employed in these two broad occcupational groups and their specific jobs were probably very different—for example, tailors and decorators, instead of carpenters, plumbers, and bricklayers. Nearly 700,000 or another one-third, of the jobless married men were operatives, compared with 1.8 million married women with full-time jobs in this broad occupation group, but here again most of these jobs are not likely to match. A large proportion of the married women operatives are employed in such industries as textiles, apparel, and food processing, and in laundry and drycleaning establishments but relatively few of them are in the metals, machinery, and transportation equipment industries, where the layoffs of male operatives in recent years have been heavy.

TABLE 9.—*Unemployed married men and employed married women, by major occupation group, March 1961*

[In thousands]

Major occupation group	Unemployed married men, wife present	Employed married women, husband present	
		Total	Full time [1]
Total	2,137	12,337	9,127
Professional, technical, and kindred workers	55	1,597	1,211
Farmers and farm managers	11	59	35
Managers, officials, and proprietors, except farm	94	659	574
Clerical and kindred workers	74	3,616	2,976
Sales workers	51	1,138	682
Craftsmen, foremen, and kindred workers	617	132	110
Operatives and kindred workers	672	2,062	1,814
Private household workers		772	280
Service workers, except private household	136	1,813	1,228
Farm laborers and foremen	63	428	171
Laborers, except farm and mine	353	61	46
Inexperienced unemployed	12		

[1] Includes persons who worked 35 hours or more during the survey week, persons who worked 1 to 34 hours but usually worked 34 hours or more, and persons with a job but not at work.

NOTE.—Because of rounding, sums of individual items may not equal totals.

It is also likely that very few married men would be interested in taking married women's jobs even if they were available. Not only do the occupations and industries in which the women are employed generally have loewr pay scales than those to which men are accustomed but also the women are more likely to be working at jobs which provide only a few hours' work each week. The number of these jobs that married men would take would also be limited by such factors as differences in geographic location of the unemployed men and suitable job openings and the ability of the men to meet specific job qualifications. In addition, many men would undoubtedly hesitate to take a job which not only might be unsatisfactory but which would also interfere with their looking for a more suitable position. If men did take these jobs, they would probably work only until a more desirable job became available and employers would soon have to replace them—one of the many practical difficulties entailed in such a proposal. Furthermore, the men who expect to be rehired shortly would probably not be interested in taking a new job, which would entail the loss of seniority on their former job.

About 1.6 million married women in March 1961 had jobs which were unsuitable for the unemployed because they were in unpaid family work or in self-employment, and 1.5 million were supporting husbands who were not in the labor force (800,000) or who were unemployed (700,000). Thus, about

one-third of all unemployed married men would have no grounds to claim the jobs of wives of employed men if they expected to have their own wives continue working.

Senator KERR. Mr. Secretary, I would like to interrupt to ask if the Director of the Budget is in the room.

Mr. BELL. Yes, sir.

Senator KERR. I would say that when the Secretary has concluded, or at 12:25, whichever arrives first, we will recess until 3 o'clock.

Mr. BELL. Thank you, sir.

Senator KERR. So that will help. I had hoped we might present the distinguished Director of the Bureau of the Budget this morning but it appears we will not have the opportunity to do so.

Mr. BELL. We appreciate your courtesy, Mr. Chairman.

Secretary GOLDBERG. Mr. Chairman, I will try to speed this up. This chart, chart No. 9, is one which I think everybody generally

CHART 9

COLOR AND SEX OF THE UNEMPLOYED
2/62

COLOR	CIVILIAN LABOR FORCE (Percent)	UNEMPLOYED (Percent)	UNEMPLOYMENT RATE THIS YEAR	UNEMPLOYMENT RATE YEAR AGO
TOTAL	100	100	5.6	6.9
WHITE	89	78		
Male	59	53	4.5	6.0
Female	30	25	5.3	6.5
NONWHITE	11	22		
Male	7	14	10.5	12.9
Female	4	8	10.8	12.1

knows about. It shows that the percentage of nonwhites among the labor force is 7 percent, while they constitute 14 percent of the unemployed.

Senator KERR. This is male?

Secretary GOLDBERG. This is male.

Senator KERR. Colored. Fourteen percent of the labor force and 22 percent of the unemployed.

Secretary GOLDBERG. Yes, the chart shows this is the total figure for male and female nonwhite workers. It is almost exactly in the same ratio. This again relates to Senator Prouty's question dealing with the occupations of the unemployed. This is shown in chart No. 10.

CHART 10

OCCUPATIONS OF THE UNEMPLOYED
2/62

SELECTED OCCUPATIONS	CIVILIAN LABOR FORCE (Percent)	UNEMPLOYED (Percent)	UNEMPLOYMENT RATE THIS YEAR	UNEMPLOYMENT RATE YEAR AGO
TOTAL	100	100	5.6	6.9
Professional Technical	12	3	1.8	2.0
Clerical	15	9	4.1	4.9
Sales	6	5	4.7	5.3
Craftsmen	13	14	7.3	10.1
Operatives	18	26	9.1	12.9
Nonfarm Laborers	5	15	17.6	19.3

Senator KERR. The reporter understands that as he says this you will make an appropriate identification of the chart to which he refers so it may go into the record at the proper place. This is the one designated "Occupations of the unemployed."

Secretary GOLDBERG. This chart shows that professional and technical workers constitute 12 percent of the labor force, but only 3 percent of the unemployed. Clerical workers 15 percent and 9 percent respectively; sales 6 and 5 percent; craftsmen—these are skilled—13 percent and 14 percent. Operatives, which are production workers and semiskilled, constitute 18 percent of the labor force, but 26 percent of the unemployed.

Senator KERR. This constitutes 26 percent of the unemployed group.

Secretary GOLDBERG. That is correct. And of the nonfarm unskilled laborers, 5 percent of the labor force and 15 percent of the unemployed group.

Senator CASE. Mr. Secretary, the legislation you are here to testify on deals primarily with the proposal for a public works program which would call for construction laborers. I don't see any category you have there for that.

Secretary GOLDBERG. Yes, sir. I gave the figures. I do not have them here but I gave the figures earlier giving the unemployment among construction labor, as you will recall; just a few minutes ago.

Senator KERR. He gave that earlier in his testimony.

Senator CASE. You mean when you were——

Secretary GOLDBERG. When I was testifying. It is in my testimony.

Senator CASE. Then apparently, looking at this chart one would get the impression the areas of unemployment are in categories that this bill would not even touch.

Secretary GOLDBERG. No; on the contrary, this bill would help very much in the area of the unskilled laborer.

Senator KERR. And operatives.

Secretary GOLDBERG. Yes, and craftsmen. So, very largely, that is the purpose, or one of the purposes. I want to point this up. This will help very much in this area.

Senator PROUTY. Are operatives industrial workers?

Secretary GOLDBERG. They may be and they also——

Senator PROUTY. They work in the plants?

Secretary GOLDBERG. They also supply many of the materials that go into these construction programs.

Senator CASE. Would people employed under an allocation of funds proposed by this bill become Federal employees?

Secretary GOLDBERG. No, no. We are proposing they will become employees of the contractor who works under contracts with the Federal Government or State government.

Senator KERR. Or the local municipal government.

Secretary GOLDBERG. Or the municipality or locality.

Senator CASE. By being employed under projects financed from this plan they would not become thereby entitled to Federal retirement benefits?

Secretary GOLDBERG. Oh, no.

Senator CASE. Or injury benefits under the Federal Compensation Act?

Secretary GOLDBERG. That is correct.

Senator CASE. What about unemployment compensation?

Secretary GOLDBERG. They would be like all employees of private employers. They would become eligible for unemployment compensation if they acquired the proper eligibility.

Senator KERR. But under the rules of the State in which they work.

Secretary GOLDBERG. That is correct, but in fact most of them would be taken off unemployment compensation because they would have jobs.

Senator CASE. But you are not proposing here in this legislation to create any particular Federal unemployment compensation or retirement benefits?

Secretary GOLDBERG. No. There is no provision for that.

Senator CASE. And the jobs that would be created would be through private employment and not Federal employment?

Secretary GOLDBERG. Entirely.

Senator PROUTY. There is that one section with the prevailing wage requirement.

Secretary GOLDBERG. Yes. There is a prevailing wage section written in this bill.

Senator MCNAMARA. Before you leave that subject I would like to ask a question in regard to the question raised by Senator Prouty, which was an interesting one, about available jobs. Under what category would they generally fall?

Secretary GOLDBERG. Generally it is this: There are some jobs available in the country which are not being filled at a time when we have

widespread unemployment. These are generally in the professional-technical area and if you looked in the Washington Post a few days ago you would see the McDonnell Aircraft Co. in St. Louis was advertising for scientists, engineers, and so forth, in the Washington area. We do not have those categories to go to the McDonnell Aircraft, so there are vacancies there which are not being filled. There are some vacancies present in areas other than those where some of the unemployed are living and to secure these jobs they would have to move and relocate and perhaps be retrained. I am very hopeful as a result of the passage by the Congress of the manpower retraining bill that these job vacancies will be filled. We look forward with great expectation to putting the bill in operation, as you know, on July 1. We will then be able to match some of these job vacancies with trained people.

Senator CASE. Mr. Secretary, since you brought in the name of the Washington Post, I think I ought to have an opportunity to comment on a few lines out of an editorial of the Post on March 29. It was headed, "A New WPA?" And I am sure you have read it, but I will just read three or four sentences from it:

> The money would be spread very widely, over 38 percent of the population, which works out at an average of $8.60 per head in those areas. It will not be concentrated on the real trouble spots. To select projects by the criterion that they can be terminated within 12 months means to rule out from the start any new major construction and many other high priority projects. What this comes down to is a new WPA, with priority on getting out the money and only secondary regard for what is produced by it.

Secretary GOLDBERG. I have respect, of course, for the Washington Post as a great newspaper, and its editorial writer, but perhaps they haven't read the bill. I would say they ought to read the bill and not their own announcement.

Senator KERR. I don't want to get into an argument with you, Mr. Secretary, but I do not want you, in your official capacity, to put an unbearable burden on the people to whom you have just referred.

Secretary GOLDBERG. What I mean by that, with due respect, is this——

Senator KERR. I understand it would be helpful to them, but, after all, this is a free country, and the right to criticize is not limited to those things about which we know nothing.

Secretary GOLDBERG. This does not contemplate any WPA, although I have no aspersions against the WPA. It performed a valuable service in its day. But we have progressed from that point. Right now, throughout the country, in the local communities and in the States, you cannot find a State Governor, or a mayor, who does not have a well-conceived and well-thought-out public works shelf. In fact many public works are underway. We must not assume that this bill creates public works in America. Public works are going on all over the country. In the Federal Government we also have under authorization from the Congress many projects going on. So there is going to be private employment, as I have stressed. There is no provision in this bill for making the workers employees of the Federal Government. So we have that clear.

Finally, about the period of time. They have not read the bill because the bill says that you not only have projects that can be

started and finished within a year's period of time but you also deal with projects already underway which can be accelerated to a speedier conclusion. You have a combination of both of those factors. So this bill is carefully drawn to achieve two objectives. One objective is the primary objective, namely, to see to it that employment opportunities are created in good, substantial, desirable, worthwhile projects.

Now about "all over the country" let me answer that. As was discussed earlier, the amount of money which is available does not permit all of the worthwhile projects throughout the country to be helped by this bill. Also, this is not the only bill designed to deal with unemployment. Congress has an established program of grants-in-aid. This is supplementary. This public works bill will not do the whole job. Admittedly so, with the amount of money available.

Senator CASE. When you say "this bill' are you referring to the total bill, S. 2965 plus the Chavez amendments?

Secretary GOLDBERG. I was addressing myself to the Chavez amendments at the moment, and the same thing would be true if a stand-by bill were activated by the operation of the triggering device.

Senator CASE. I would like to get that clarified in view of your reference to the draftmanship of the bill. If it includes the stand-by bill before you leave I think we should have some direct statements with regard to the effect of paragraph (b) in section 9, which deals with appropriations. As I read that——

Senator KERR. Which one do you refer to?

Senator CASE. That is of the stand-by bill, page 10. It reads:

APPROPRIATIONS AND INTERIM FINANCING

SEC. 9. (a) In order to expedite financing activities under this Act, the President may, during the existence of any public works acceleration period, cause the unobligated balances of appropriations, contract authorizations, revolving funds, and other authorizations to expend from public or corporate debt receipts available to the departments and agencies of the executive branch to be transferred to the appropriate accounts of such other departments and agencies in such amounts and at such times as he may deem appropriate and, notwiithstanding the provisions of any other law, such transferred balances may be used for the purposes of this Act: *Provided*, That there are hereby authorized to be appropriated such amounts as may be required to restore such transferred balances not otherwise restored to the sources of funds from which they were derived: *And provided further*, That the aggregate amount of such unobligated balances transferred during any capital improvement period shall not exceed (i) $750,000,000 for the purpose of financing projects authorized to be assisted under section 4 of this Act, (ii) $750,000,000 for the purpose of financing projects authorized to be assisted under sections 5 and 6 of this Act, as allocated between said sections by the President, (iii) $250,000,000 for the purpose of financing projects authorized to be assisted under section 7 of this Act, and (iv) $250,000,000 to supplement funds available for sections 4, 5, 6, and 7 of this Act, as allocated among said sections by the President.

Mr. Secretary, candidly wouldn't you regard the enactment of such a clause as that as the abandonment of the appropriation powers of the Congress?

Secretary GOLDBERG. Let me say this about that. It is a problem which we also discussed on the House side. First I want to distinguish between the provision you read and what is in Senator Chavez' amendment.

Senator CASE. I asked you whether or not you were talking about this bill. We are talking about S. 2965.

Secretary GOLDBERG. That is why I want to answer both. Under the amendment, the immediate program of $600 million, the appropriation is to be made in the usual fashion. This problem does not arise. I think you will agree with me on that phase.

Senator CASE. I recognize the difference and that is why I phrased my question as I did.

Secretary GOLDBERG. This method of financing may not necessarily be the best method. In fact I think when the Director of the Budget and Mr. Heller testify here this afternoon they will have something further to say about this. I can explain what the philosophy was when this was written and proposed.

The philosophy was when the trigger device went off you needed immediately to apply the use of the money, and the normal procedures of going in for an appropriation at that time, would necessarily be time consuming. As a result it was contemplated that unobligated balances, which always exist in a government as large as ours, could be devoted to this purpose as a one-shot proposition but that it would be necessary to go back to the Congress and the Congress would have complete authority then to review the program and then determine what would be done about filling that appropriation. That was the philosophy of this.

Senator CASE. Yesterday, Congress, or the Senate, voted 85 to nothing on a military procurement bill. Most of the funds in that bill authorized for the Secretary of Defense would be free of any restriction except the $471 million, I believe it was, or $491 million to which the Senate Committee said this may be used only for the advancement of the RS–70 program; but funds appropriated under the authority of that act, other than that particularly earmarked and limited to the RS–70 could, if not obligated, be transferred from the Defense Department to whatever department or agency the President saw fit, under the language before me, if I know anything about what appropriation and authorization language means.

Secretary GOLDBERG. They could be, but it could be assumed, I think, that the President of the United States would never prejudice our defense effort in any way by taking away money which might be required for the defense program and use it for this purpose.

Senator CASE. Well, what about the Veterans' Administration? Suppose there is an unobligated balance for some hospitals for the Veterans' Administration. Under this language, is it not broad enough, if there was some delay in committing those funds, he could transfer those?

Secretary GOLDBERG. Again it could be done, but again I would answer, Senator, by saying this is what is intended here. Perhaps if I may just answer——

Senator CASE. Let me follow this up because I want to get the record so clear on this that it will become evident I think to all that something has got to be done about this kind of language. I served on the Appropriations Committee in the House for 12 of the 14 years I was there. I dealt with appropriations and authorizations in the Senate for some time. This is the sloppiest and most irresponsible language I have ever seen proposed in any authorizing legislation,

because I have never before seen a proposal where the President could take even the unobligated balances of contract authorizations and revolving funds as well as unappropriated balances and transfer them to any department or agency in such amounts and at such times as he might deem appropriate.

Secretary GOLDBERG. There is a limitation, if I might answer it, by saying this: First, there is a limitation on amount. It is an amount within the limits prescribed by the bill.

Senator CASE. There I would like to pursue that for a moment. When we passed the Reciprocal Trade Agreements Act in 1934 and authorized reductions in tariffs up to 50 percent of the rates established in the 1930 act, many members of Congress thought that that meant that you could do it once, but we soon discovered when it had been done once that the Administration at that time interpreted that as a new base, and thought they could go in and do it again on another 50 percent, which would be 25 percent of the original rate. I am not sure this language is sufficiently protective here against that. Even if this were done once up to the $2 billion, if Congress went in and restored the balance that had been raided, that the President might again turn to that same fund, if it was something he didn't like, and raid that particular fund again.

Secretary GOLDBERG. But there is a limitation on that.

Senator CASE. There might be up to the $750 million in one category, or $750 million in another, but supposing, for example, that there were some project to which the President were opposed, and Congress in its wisdom and in its discretion had authorized money for a particular thing. We have had a great many examples where Congress has provided money and the executive branch has not spent it. Supposing the executive branch or the President draws on this money. For example, the money that was made available for the RB–52's, which was over and above what the Bureau of the Budget requested. The President says, "There is something I didn't ask for. It is unused, unobligated, and I will transfer some of that to this program." Then Congress comes back and Congress appropriates money to restore that balance. And the President still thinks that particular program is one that he does not care for. So he goes again and takes the money out of that fund again, and still stays within the $750 million. Isn't that possible under the language of this bill?

Secretary GOLDBERG. If I may answer, Senator, I would say this: First, I think it was overlooked—I heard a question asked which Senator Fong referred to us, which I would like to answer because it relates to this. When the President declares a public works period under this bill, it expires and no new public works period may be started for 6 months. So there is an added design to afford an opportunity for the Congress to look at it in 6 months. I don't recall any period when any Congress has been out of session for 6 months in recent years. It still affords an opportunity for the Congress to take a painstaking look at what the President has done.

I am quite confident that Congress will take remedial action against any President that did not do this. Now here is what the key is, and this is what I wanted to say. No one would propose, and the President would be remiss in his duties if he took unobligated balances out of programs which were operative and immediate pro-

grams. But, in a Federal Government as large as ours there are unobligated balances that are not utilized in the normal operation of the Government for several months after the——

Senator CASE. For several months, and once in a while we hope they might even still be unobligated at the expiration of the fiscal year and revert to the Treasury.

Secretary GOLDBERG. It may be, but in those circumstances it would be contemplated, and I am sure any President worth his salt would only use his authority to utilize unobligated balances of a character that would not interfere with programs that have to be carried on. If Congress would renew it——

Senator CASE. Let us take legislation that comes within the province of this committee. Yesterday the Public Buildings and Grounds Subcommittee, or earlier this week——

Senator RANDOLPH. Yesterday.

Senator CASE. Yesterday the Subcommittee on Public Buildings and Grounds received and examined some prospectuses for building some Federal buildings. Those would be built out of funds available under appropriations that had been made for the construction of buildings under basic authority. If there are some unexpended balances there, or if the President, for instance, felt that he had another second look at the post office for Topeka, Kans., or Burlington, Vt., or Charleston, W. Va., or if there had been some delay in getting underway because of site acquisition problems, or changes in plan, would it not be possible under the language proposed in this bill for the President to take that money which had been set up for a public buildings program and transfer it to such other department or agency as he wanted, to start building sidewalks, or sewer systems, or whatever might be done under the provisions of this act?

Secretary GOLDBERG. It would be possible for the President to use balances and reserves, but the President I am sure would not fly in the face of the will of the Congress. Because if he were foolish enought to do that he has got to justify that action in order to get the appropriation at the next go-around.

Senator CASE. Obviously it seems to me that his disposition would be to take it from money that is either unused, or that Congress is very likely to reappropriate. And this same thing would certainly apply not merely to public buildings, but river and harbor projects. I rather question that it would apply to taking funds from the highway trust fund.

Secretary GOLDBERG. But, Senator, isn't this the key to this? The President would only be acting pursuant to an authority you gave him to do this for the purpose of constructing necessary public works.

Senator CASE. I am raising the question as to whether or not the Congress should give the authority to the President——

Secretary GOLDBERG. I understand.

Senator CASE (continuing). To reappropriate unexpended balances in a broad area of $2 billion.

Secretary GOLDBERG. But the important part of this is this again. Some basic decisions have to be made, and we can't always have the most perfect way of doing it. Although I think frankly, as Mr. Heller and Mr. Bell will tell you, this procedure can be improved. I think they will suggest improvements.

Senator KERR. I wanted to interrupt for this reason.

Senator CASE. Yes.

Senator KERR. This is a question I am glad to have asked because I think there was some dissenting party who had it in mind when he expressed concern about the probability of the passage of S. 2965 if it were reported out.

I want to remind the members of the committee that there will be a joint session at 12:30 and members of the committee may want to attend. Will the convenience of the Secretary permit him to be back at 3 o'clock?

Secretary GOLDBERG. At 3 o'clock. Yes, sir.

Senator KERR. And we will recess to 3 o'clock at which time Senator Case may resume.

(Whereupon at 12:25 p.m. the hearing was recessed until 3 p.m. of the same day.)

AFTERNOON SESSION

Senator MCNAMARA. The hearing will be in order.

At this time we would like to hear from Mr. Walter Heller, Chairman of the Council of Economic Advisers.

I might explain that Secretary Goldberg was unavoidably detained. We expect him back here tomorrow morning at 10 o'clock, when the hearing will resume.

You go ahead, sir, and proceed in your own manner.

Dr. HELLER. Mr. Chairman, if I may, I should like to present a prepared statement. I should like to note for the record that I have with me Mr. Lee Preston of our staff.

Senator MCNAMARA. How do you do, Mr. Preston.

Without objection, the complete statement of Dr. Heller will be incorporated in the record at this point.

Dr. HELLER. Thank you.

Senator MCNAMARA. You may proceed as you please, Dr. Heller.

Dr. HELLER. Thank you.

STATEMENT OF WALTER W. HELLER, CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS

Dr. HELLER. Mr. Chairman and members of the committee, it is a pleasure to appear before you today in support of the President's program for sustained prosperity. The specific proposals before you are two:

(1) Standby Presidential authority to initiate up to $2 billion of expenditures for capital improvements to counter future economic recessions. (This proposal is embodied in S. 2965, introduced by Senator Clark on behalf of himself, Senator McCarthy, Senator Pell, and Senator Randolph.)

(2) An immediate $600 million capital improvements program limited to (*a*) redevelopment areas and (*b*) other communities which have been designated as areas of substantial unemployment for 12 months or more. (This program was recommended by the President in a letter to your chairman, dated March 26, 1962, and has been formally proposed as an amendment to S. 2965 by Senator Chavez.)

I shall confine my testimony to the basic economic case for these

proposals. The next witness, Mr. Bell, Director of the Bureau of the Budget, will discuss their budgetary and administrative aspects.

Both of these proposals are aimed at promoting full employment and sustained prosperity. The $2 billion standby authority is an element of protection against recession in the future. The $600 million immediate capital improvements program is a corrective for unemployment in the present, unemployment that has been concentrated and compounded in certain areas by past recessions and has resisted the forces of our current recovery. This persistent unemployment creates the need for imediate action. It also reinforces our determination to counter future recessions and to promote a prosperous and expanding economy—one in which workers, businesses, and communities will find themselves challenged by new economic opportunities, not locked into situations of stagnant income and employment.

The four postwar recessions present a record which we cannot ignore. Although the past year has been one of recovery, with a decline of 1.5 percentage points in the unemployment rate and an increase in the gross national product on the order of $50 billion (annual rate), the impact of previous recessions is still reflected in levels of employment, production, and income which are substantially below our longrun potential. The President's proposals are designed, first, to overcome the barrier of persistent localized unemployment which past recessions have left in our path, and, second, to provide protection against the recurrence and severity of recession in the future.

COST OF POSTWAR RECESSIONS

Since the end of World War II, we have experienced four recessions—those of 1948–49, 1953–54, 1957–58, and 1960–61. This record of recessions would be cause for concern even if the economy had returned to full employment levels after each decline. But the fact is that the 1958 recovery was arrested and reversed before full employment was reached. The 1960–61 recession thus occurred in an economy already operating at less than full potential, and recovery from this recession has thus been doubly difficult. In effect, we have had to pull out of two recessions at once. We have come a good distance since the recession trough of a year ago. But with 5.5 percent unemployment and substantial idle capacity, it is clear that we still have a substantial distance to travel.

Four recessions in 14 years have been very costly. Our total loss of GNP due to recession during the fifties exceeds $175 billion, in 1961 prices—almost $1,000 of final goods and services for every American. This is a conservative estimate. And no dollar estimate can measure the cost of unemployment in personal hardship and the erosion of human dignity.

Production never achieved and income never earned are only the immediate costs of recession. No less important are the effects of recession upon the longrun growth of the economy. Economic growth depends heavily upon the maintenance of forward momentum. When incomes rise steadily and demand is strong, new equipment is purchased and new products are developed. Production expands and, at the same time, the incomes of employees and suppliers are increased. As a result, favorable expectations are fulfilled and renewed, and the growth process continues.

But recession reverses this cycle of production and income. When the increase in income slows down, investment declines and consumer demand slackens. The growth process is interrupted and the gap between actual and potential production increases.

This is the problem we face today, a problem which is the legacy of the late fifties. Investment in new plant and equipment has not regained its 1956–57 levels. Our present task is to overcome this loss of momentum and to regain our earlier high levels of output, employment, and investment. Only that way can we achieve the levels of productivity and growth upon which our economic future depends.

I might say, in referring to regaining earlier high levels of economic activity, that I am referring essentially to high levels of actual production compared with potential production. Obviously, the absolute levels of employment and expenditures today, except in the case of investment, are above their earlier levels.

THE PRESIDENT'S PROGRAM FOR SUSTAINED PROSPERITY

The President has put forward a program providing a flexible defense in depth against future recessions. This program takes for granted that a certain amount of fluctuation in the overall level of business activity is unavoidable in a free economy. In our large and flexible economic system, decisions about investment, inventories, employment, and income are going to take place independently, and they are not always going to be consistent.

The result of these decentralized decisions in a dynamic economy is fluctuations—but fluctuations which we are willing to accept as part of a system based on freedom of choice and dedicated to economic growth. Our goal here is to reduce the human and economic cost of these fluctuations, and to do so in ways which preserve individual initiative and freedom.

To accomplish this purpose, the President has recommended to the Congress three measures to strengthen our defenses against recession: (1) Standby authority to initiate expenditures for public capital improvements, embodied in S. 2965, which is under examination by your committee; (2) authority to effect a temporary, partial suspension of income taxes; and (3) permanent improvement of unemployment insurance to cover additional workers and to provide a longer period of protection for the unemployed, particularly in periods of high unemployment.

Tax reduction and acceleration of capital improvements might be used singly or together to combat recession. If a recession began, but the construction industry were operating at capacity, for example, primary reliance might be placed on tax reduction. On the other hand, if the economic decline were concentrated in particular geographical areas and slack existed in the construction industry, capital improvements might be the first line of defense.

The third proposal, the improvement of the unemployment compensation system, would alleviate hardship among the families of unemployed workers and reduce the cumulative effects of unemployment on the economy.

The three proposals together would provide a strong, flexible, and fast-moving defense against recession throughout the economy. They

will also contribute to the solution of problems of chronic distress in certain areas. They will make it possible to channel expenditures for public improvements into these areas. In addition, the movement of resources into productive uses and the development of new economic activities in depressed regions are much easier in a stable high-employment economy than in an economy characterized by recurrent recession and chronic overcapacity.

THE STANDBY PROGRAM: S. 2965

Basic proposal: The proposal embodied in S. 2965 would, under specified conditions of rising unemployment, grant to the President the authority to release not over $2 billion to initiate and accelerate capital improvements through outlays on Federal projects, grants-in-aid, and loans to State and local governments.

The exact amount of funds to be released would be determined by the President in the light of the particular circumstances. The maximum amounts to be made available in each category are as follows: $750 million for Federal projects, $750 million for grants-in-aid to the States and local governments for existing or newly approved programs, $250 million for loans to State and local governments, and $250 million unassigned to be applied to any of these purposes.

A substantial proportion of the funds to be made available under this program is earmarked for Federal projects because these are activities which already have the stamp of congressional approval. They are projects on which we have ready information. Federal agencies will be prepared to initiate or accelerate them on short notice.

The President recommends that an equal amount of money be made available for grants to State and local units. Given the vast and insistent needs for public works at the State-local level—and the large volume of sound projects which are held back simply by lack of funds—ample opportunities exist to invest up to $750 million quickly and effectively in the face of recession. Because some State and local governments may experience difficulty or delay in obtaining funds required for matching purposes, provision is made for loan funds. The availability of these loan funds should increase the speed with which localities in need of capital improvements are able to begin work under the program.

Finally, the unassigned reserve of $250 million will permit flexibility in distributing funds among authorized uses to meet needs and opportunities as they may occur at the time.

Eligible projects: A specific requirement for eligibility for projects undertaken under this legislation is that they must contribute significantly to the reduction of unemployment. Moreover, the projects designated for support are ones which can be initiated quickly and completed promptly. They are projects which are fully justifiable on their merits, not simply to "make work."

Projects eligible for support under this program may be either new capital improvements or separable parts of activities already in progress. I would like particularly to stress this point, because I think there may have been some lack of understanding or perhaps lack of a full explanation on our part in earlier discussions of this subject. The projects that would be eligible would be either new projects or separable parts of activities already in progress.

With the strong emphasis of the program on quick action, we would expect that the acceleration of ongoing projects would be a major component of total spending. For example, support might be made available for the installation ahead of schedule of a specified section of a larger and longer term water and waste disposal project, for a specified extension of a highway or road improvement project, or for the rapid completion of a specified portion of some larger local construction project. Acceleration of portions of projects already in progress would result in immediate increases in planned levels of expenditures, and would give added assurance that the projects being supported had previously passed rigorous tests of legislative and executive approval.

The usefulness of public works in combating recession has sometimes been questioned on the ground that public works projects start too slowly and last too long. To be sure, many worthwhile projects are not useful for countercyclical spending because they involve large-scale and long-term construction and require long periods of preparation and execution. The proposed legislation is explicitly focused on shorter run projects or parts of projects which are suitable for countering recession, and new long-term projects are specifically excluded. As subsequent witnesses will show, ample projects can be "at the ready" to fulfill the requirements of prompt action under the President's program.

The unemployment "trigger": The proposed authority will become available to the President when a specified increase in unemployment has occurred. The purpose of this "trigger" is to enable the President to act promptly, before the decline can gain momentum. The President would have authority to declare a "capital acceleration period" within 60 days after there is clear statistical evidence that the seasonally adjusted unemployment rate has increased by at least 1 percentage point during a specified number of months. When such an increase has occurred, the President would also have to determine that the acceleration of public spending is required—that is, that a recession is underway and that public expenditures will help to reduce its impact.

The "capital acceleration period" would terminate automatically at the end of 12 months, unless extended by Congress, and could be terminated earlier by the President. No additional funds could be obligated after the end of the period, and no new period could be proclaimed for 6 months after the termination of a previous period.

The trigger mechanism insures that action can be taken promptly as recession is developing. The 12-month limit, which may be shortened by Presidential decision, assures that the program will not become an engine of inflation once recovery has been achieved. These provisions establish a program which is both responsive and flexible.

Potential economic impact of program: It is not possible to present precise estimates of the job-creating and income-generating impact of the proposed program. However, we can offer some reasonable approximations.

If all of the Federal funds were used and the average grant to States and localities required 50-percent matching, and if all of the $250 million in unassigned funds went into loans to States and local units, the minimum increase in expenditures by all levels of govern-

ment would be $2.25 billion. If the unassigned funds were used for Federal projects, the total would be at least $2.5 billion. If the unassigned funds were used entirely for matched grants, the total would be at least $2.75 billion.

In addition to these direct expenditures, we must consider the secondary expenditures, those that are made by recipients of the direct outlays for materials, equipment, and consumer goods. A conservative estimate would place these secondary expenditures for final goods at 1¼ times the direct expenditures. Thus, the total expenditures arising under a full-scale program might be estimated as $2.5 billion of government spending, plus something over $3.0 billion of secondary spending, or a total addition to gross national product of over $5.5 billion. Actual expenditures might be expected to vary from this figure depending upon the amount of funds made available, the composition of projects, and the secondary spending effects.

The employment effects of the program would be determined both by the level of expenditures—government and secondary—and by the choice of projects. Although we would expect the public works projects themselves to have large employment effects, these would vary depending upon the amount of additional materials and equipment required for the particular project adopted. The secondary spending would be expected to result in somewhat less additional employment per dollar because it will be reflected to a somewhat greater extent in increases in working hours and productivity.

If we assume a GNP increase of $5.5 billion for this full-scale program that I noted a moment ago, then our employment estimates range from 420,000 to 520,000 man-years of employment. Thus, we feel justified in anticipating an increase in employment resulting from full-scale programs under the standby authority of roughly one-half million full-time jobs for 1 year.

It is important to emphasize that we would not expect all of the spending or employment to occur instantaneously, nor all of the secondary effects to work themselves out immediately. However, these figures give an indication of the magnitude of the effects to be anticipated. They show that the proposed legislation could make a substantial contribution to the stabilization of employment and income in the early stages of a recession.

IMMEDIATE CAPITAL IMPROVEMENTS PROGRAM

In addition to the standby authority contained in S. 2965, the President has asked the Congress to authorize immediate initiation of a $600 million capital improvements program for those areas which have continued to experience high unemployment during the past year of general economic recovery.

The relationship between this request and the proposed standby authority has, I think, already been made sufficiently clear. However, I should like to clarify the relationship of this request to the other actions which the Congress has taken to aid areas and industries in acute economic distress.

The Congress has clearly recognized that the effects of economic change are uneven among areas, industries, and groups of workers. Over a year ago, at the request of the President, Congress granted

an emergency extension of unemployment compensation payments to the long-term unemployed, and this emergency extension has been again requested on a temporary basis. The President has proposed that expanded aid to the long-term unemployed be made a permanent part of the unemployment compensation program.

The Congress has also initiated two programs aimed at the fundamental improvement of economic opportunities for certain areas and groups of workers. These programs are embodied in the Area Redevelopment Act and the Manpower Development and Training Act. The former provides Federal assistance and encouragement for the revitalization of depressed communities. The latter provides for the development of skills and the improvement of job opportunities for unemployed and underemployed workers. Both of these programs recognize the necessity to go beyond short-term aid to develop new bases for employment and economic development. Thus, because they aim at fundamental adjustments, neither the area development program nor the manpower training program can be expected to achieve rapid reductions in unemployment in those areas where unemployment has already persisted much too long.

The President has recommended a $600 million capital improvements program in these communities. These funds would be used for Federal projects and for grants and loans to States and localities. Federal grants would range up to 50 percent of the cost of each project, and might be higher in exceptional cases. The loans would be available, as under the proposed standby program, to assist hard-pressed communities in meeting their part of the cost of projects. The project limitations of the standby bill would apply to this program as well. Projects must meet essential public needs, contribute to the reduction of unemployment, and be initiated and completed promptly. The expansion or acceleration of projects already in progress may be undertaken, as well as the initiation of new projects.

The President has suggested that if the recommended legislative action takes place promptly it will be possible to spend some $25 million in the remaining months of fiscal 1962, approximately $350 million in fiscal 1963, and $225 million in the early months of fiscal 1964. Properly administered, expenditures of this magnitude can effect substantial improvement in economic conditions in the areas of persistent unemployment.

CONCLUDING REMARKS

In the President's letter requesting the immediate capital improvements program, he stated that:

> The standby capital improvements bill, and this proposal for an immediate public facilities program, are in my judgment of equal importance to the economic welfare of our Nation. The former would enable us more effectively to combat the waste and hardship of future recessions; the latter would bring new public facilities, new jobs, and new hope to those communities whose economic troubles have resisted the rising tide of national economic expansion.

Both the standby authority and the immediate action proposal are important. And each of these programs has a part to play in the President's larger program for sustained prosperity and long-range economic growth. I therefore urge that your committee, and the entire Congress, give these proposals the most careful and favorable consideration. The persistence of unemployment in some parts of

our economy has been too strong; the cost of past recessions has been too great. The President has requested an immediate attack upon these problems, and a program of insurance against them in the future. Both the medicine and the insurance seem cheap and painless when compared to the cost and suffering caused by the disease.

Senator KERR. Thank you very much, Dr. Heller.

Senator McNamara.

Senator McNAMARA. Dr. Heller, on page 3, the middle of the page——

Dr. HELLER. Yes, sir.

Senator McNAMARA. You refer to the cost of postwar recessions. I quote just a short part of it:

> This record of recessions would be cause for concern even if the economy had returned to full employment levels after each decline. But the fact is that the 1958 recovery was arrested and reversed before full employment was reached.

What is your interpretation of the "arrested and reversed"; or what was it, the arresting and reverse of which took place that caused this turn?

Dr. HELLER. As you may recall, in 1960 we reached a peak of the previous recovery when we still had unemployment considerably in excess of 4 percent and when we still had a substantial amount of unused capacity in the economy. The cause of that aborting of recovery before it reached its full employment levels, which for interim purposes we define as 4-percent unemployment, was, in part at least, an excessively tight Federal budgetary policy and a very fast rise in interest rates—the fastest rise in long-term interest rates in any recovery in a century. Also, the disruptive effects of the long steel strike unquestionably played a part. Those three factors are, I think, widely recognized, both inside and outside the Government, as the major economic developments that tended to cut the strength and length of the recovery.

Senator McNAMARA. Yes.

Well, apparently we have avoided the steel strike that you referred to but we are still getting some bad reaction from these negotiations because we have had this price increase. I am not going to ask you to comment on that.

Dr. HELLER. Thank you.

Senator McNAMARA. However, I am concerned with another factor which you mention here—the continued high interest rates.

We continue to have, under the Kennedy administration, a similar situation, in this continued high interest rate. And at the local level it is as bad as it ever was, because, despite the so-called quarter of 1 percent reduction, twice occurring since the Kennedy administration took over, there seem to be offsetting factors, at the local level, which still keep the interest rate up to approximately the same rate at the retail level, if you will, as that of the money market.

Are we trying to do anything about that at all?

Dr. HELLER. Yes, Senator McNamara, we are; and I think with a little more success than your question suggested.

Senator McNAMARA. I hope so, but I see no evidence of it. Maybe you can spell it out for us.

Dr. HELLER. Let me cite a few examples. In just the past couple of weeks, municipal bonds have been going at the lowest interest rates in 5 years.

For another example, long-term Federal bonds are down about one-quarter of 1 percent, after a year of recovery in which the economy is today producing almost $50 billion more of goods and services than it was a year ago.

In general, there has been quite a substantial flow of money to the long-term market, and many key long-term rates today are down—not down tremendously, but down somewhat from a year ago, which is very unusual for a recovery.

The point that you make that is entirely valid, however, is that these declines started from a pretty high plateau. That is, interest rates did not dip in 1960–61, as they did in the 1958 recession, with the consequence that we had a considerably higher plateau of rates from which we were moving into recovery.

But it is important to note that when you plot the interest rates from the trough of the recession of 1958 and the trough of the recession of 1960–61 to the period 13 months afterward, you find that both the relative advance of interest rates and their absolute levels are somewhat lower today than during the corresponding phase of the previous recovery. This I think, in considerable part, is because of a combination of Federal Reserve and Treasury measures which were designed to keep money easier than the previous recovery. There may be disagreement as to whether it is easy enough or not, but surely the attempt thus far to keep money easier in the long-term market has been more successful this time.

Senator McNamara. The administration is conscious of the necessity for doing something to continue this period of prosperity until we can take up more of the slack of unemployment. Certainly it is a fact—and I do not think the general public recognizes the advantage that you point out with respect to reduction in the market. I think that the sources, where businessmen go to borrow money at a local level, are pretty slow in reflecting this reduction in wholesale rates. I do not think as yet that there is any great reflection of any reduction.

And you say "somewhat lower." I think that is probably right. But do we not need a much sharper reduction in interest rates if we are going to get any economic benefit out of it in this job we are trying to do now?

Dr. Heller. Well, I would say that, given our current situation, in which we have as much unemployment as we have, given the proposition that our industrial capacity is being used at approximately an 86- or 87-percent utilization rate, whereas industry prefers about a 94-percent rate, it is very important to keep monetary conditions easy. And since there are no signs—leaving the events of the past 2 days aside—of any general upward price movement, and surely no pressure from excess demand, it remains a favorable situation for maintaining easy monetary conditions.

One would have to add, of course, because of the international monetary payment situation and because of the short-term flows of money, that it is necessary to keep the short-term rate higher than we otherwise would. And as you know, bills have been selling at about a 2¾ interest rate, whereas they would otherwise sell at a lower rate of interest.

Senator McNamara. Do we not find ourselves in a sort of a bind if you consider the other elements involved? And I am pretty sure this

is generally not well understood by other than economists and the financial world.

Leaving that matter for a moment, there is an existing law on the books, generally called the Employment Act of 1946. Under this 1946 act, does the President have any authority to do some of the things that he is now proposing, or does the 1946 act have to be further implemented before he can do anything?

Dr. HELLER. The President is directed by the Employment Act to take all of the steps that are possible within the range of his other powers to carry out the purposes of the act; namely, to generate maximum employment, production, and purchasing power. I think it is fair to say, though, without giving an authoritative legal opinion, that this does not confer any new or independent powers on him to carry out projects that would involve a budgetary implication, either on the tax side or on the expenditure side.

I do not mean for a moment to suggest that the Employment Act was not a great and significant piece of legislation. It simply did not give new and independent powers for mobilizing either Government spending or taxing instruments.

Senator MCNAMARA. And I take it, that it is your position that the 1946 act has been taken into consideration, and beyond any authority that you have in it and parenthentically I happen to think that you have authority in that act to use the administrative agencies to do something about this high interest rate, and I would hope that you would do something under the authority granted to you in that 1946 legislation. You feel that there is very little, if anything, in that act which would help to do the job that you were asking us to do as spelled out in the President's message?

Dr. HELLER. I think it is fair to say that the Employment Act of 1946 does not confer upon the President the power to effectuate the standby capital improvements program, the temporary partial suspension of income taxes and the requested improvements in unemployment compensation.

On the other hand, the act does direct the President to use all of the discretionary authority at his command, which does not cover these three things, to try to accomplish its purposes. Indeed, on credit programs which are in the Federal purview, like the VA and FHA programs, and on the FNMA purchase program, and so forth, these have been used to good advantage for helping the recovery.

Senator MCNAMARA. I will concede that in some of the measures you have mentioned Congress has already acted, and this requires implementation by the administration, and are you satisfied that you are proceeding with the authority granted?

Dr. HELLER. Yes, sir, I would say so.

Senator MCNAMARA. Thank you, Mr. Chairman. I did not expect to take so much time.

Senator KERR. Senator Prouty.

Senator PROUTY. Dr. Heller, I understand that S. 2965 is primarily an emergency bill; if there is a serious depression or recession, it will be placed into effect at that time; or is that the purpose of it?

Senator KERR. I think the bill sets forth the conditions which must exist or which, if existing, would authorize the implementation of the act.

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Senator PROUTY. Yes, I understand that. But they would represent, I would think, emergency conditions in terms of unemployment, certainly.

Dr. HELLER. It represents an attempt to gird ourselves, so to speak, for economic recession and for fast action in the event of economic need.

Senator PROUTY. That is what I mean.

You must be anticipating some trouble in the future or you would not be suggesting such legislation now.

Dr. HELLER. In the light of the record cited here of four recessions in the postwar period, and in the light of the fact that we are operating in a free-market economy, future recessions cannot be ruled out. I would anticipate that in the future, without specifying any particular time or date, we will again face the problem of economic recession.

Senator PROUTY. I have here a clipping from the New York Times of March 13, 1958, during which time we were in a recession. It is headed "A Tax Cut Versus Public Works: Experts Give Opposing Views—Senator Douglas Backs Slash in Levy, Professor Galbraith Urges Wider U.S. Spending in Recession."

I will not read the entire article. But I would just like to quote from what Senator Douglas said, as follows:

> Such a tax cut would be fed into the economy almost immediately; it would stimulate demand for goods and services; afford the best hope for stopping the current economic recession, and help to start an economic upturn.

I gather that, in view of your statement, that you and Senator Douglas would not find yourselves in agreement in that respect.

Dr. HELLER. Would not find ourselves in agreement, sir?

Senator PROUTY. Yes. He is opposed to a public works program as an antirecession measure; he prefers a tax measure.

Dr. HELLER. Well, as you know, from the triple nature of the President's proposal, the design here is to use all three instruments, particularly two—one, the capital improvements, and, two, the tax program—and use either one or both in combination as the characteristics of a particular recession might require.

And we have studied the available projects, the stage of planning and advanced work that has been done, and the nature and speed of the timing of these projects. We are persuaded that a sufficient volume of requirements to meet this legislation can be found and can be made to contribute sound job opportunities in a recession period.

Senator PROUTY. But Senator Douglas, who also is an economist, in 1958 disagreed completely with those who advocated a public works program instead of a tax cut as an antirecession measure. I do not know whether he has changed his mind in that respect or not. And I think a great many people around the country share his view.

Dr. HELLER. We are aware of the wariness about public works as an antirecession measure. Some types of projects go on for 2 or 3 years. Before they are done the economy is at the peak of recovery, and they contribute to inflation. We are against that kind of public works or capital improvement works for this purpose.

What we have in mind are projects that would be started or accelerated quickly and that have terminal dates within the period that history tells us recessions or recoveries endure; in other words, projects that end before they create an inappropriate addition to inflationary pressures.

Senator PROUTY. But these have to be relatively small employment projects in order to lend themselves to termination within that period, have they not?

Dr. HELLER. Not necessarily. As I tried to emphasize in my statement, if we can take pieces of larger projects, pieces that can be identified and separated and move those ahead rapidly, we can work on very large projects. But we must have pieces that lend themselves to speedy inception and speedy completion.

Senator PROUTY. Let me ask you as an economist: Assuming that you think it is necessary in the interest of a sound economy and an advancing economy to maintain a certain amount of confidence in Government within the business community, if businessmen lose confidence when a program is undertaken by the Federal Government, to artificially bolster that economy, are they not likely to drop their own investment plans?

Dr. HELLER. Certainly. If there is a loss of confidence by the business community, that would tend to dull the pace of investment and business activity.

Senator PROUTY. And is that not what happened to some extent during the 1930's; business was frightened as a result of certain inflationary activities of the Federal Government?

Dr. HELLER. That is a judgment that history can make better than I. Actually, the activities of the Federal Government during the thirties, particularly in the early part of the depression, were really more than offset by the restrictive and contractionary action taken by State and local governments. In other words, expansion of the Federal Government just about equaled the paying off of debt and other restrictive actions at the State and local level.

The decline of the thirties, of course, was so deep that I do not think one would attribute it to lack of confidence in Government. We had unemployment above 20 percent of the labor force.

Senator PROUTY. Actually, war production is what brought us out of the 1930 depression, is it not, from a high-level unemployment? Fourteen percent, I believe at the end of the thirties.

Dr. HELLER. We were well along toward recovery, but far from anything approaching full employment until World War II. That is correct.

Senator PROUTY. Now, if S. 2965 had been law in the past, can you give any precise dates when it would have become effective during previous recessions?

Dr. HELLER. Yes. We have some figures to indicate when it would have triggered; that is to say, when the President would have been authorized to put the program into effect according to the unemployment record of the preceding months.

Of course he is not required to put it in effect; indeed, he has to make a finding that the general economic situation, not just the unemployment situation, would require such action.

Senator PROUTY. I ask that question, because I called the Labor Department this morning, and the Department was unable to provide the desired information. I wonder if you could give it to me.

Dr. HELLER. We do have the table, sir, and I can insert it in the record.

Senator PROUTY. If you could put it in the record, I think the chairman would agree to that.

Dr. HELLER. In table 6, on page 74 of our annual report, one finds that the unemployment criterion would have been met in March of 1949. The peak of the previous cycle had been in November 1948. Thus, 4 months after the downturn, the criterion would have been met.

In the next recession, starting in July of 1953, the unemployment criterion would have been met by November, again in about 4 months.

The same experience is recorded for the 1957 downturn; the peak or point of downturn was July of 1957, and the unemployment criterion would have been met by November.

Finally, in the 1960–61 downturn, the peak occurred in May and the criterion would have been met in August.

Now, I should say that that is on the basis of the revised unemployment figures which are available for this entire period. There might be a slight difference between the uncorrected figures at the time and the corrected figures, and we are looking into that. But according to the figures that are now published, those are the dates of applicability.

Senator PROUTY. Mr. Chairman, do I understand that Secretary Goldberg will be here in the morning again?

Senator KERR. That is his plan.

Off the record.

(Discussion off the record.)

Senator PROUTY. Thank you, Mr. Chairman. I have no more questions.

Senator MCNAMARA. Do I understand that the table referred to will be put in the record at the appropriate place?

Senator PROUTY. I will ask that that be inserted, Mr. Chairman.

Senator KERR. Very well.

(The excerpt from the Annual Report of the Council of Economic Advisers follows:)

Hypothetical timing of proposed capital improvements program in 4 postwar business cycles

Business cycle peak	Unemployment criteria met [1]	Business cycle trough	Subsequent achievement of full employment [2]
November 1948	March 1949	October 1949	October 1950.
July 1953	November 1953	August 1954	July 1955.
July 1957	November 1957	April 1958	(3).
May 1960	August 1960	February 1961	(3).

[1] Criteria are met in any month in which the seasonally adjusted unemployment rate (*a*) had risen in at least 3 out of 4 months (or in 4 out of 6 months) and (*b*) had risen to a level of at least 1 percentage point higher than its level 4 months (or 6 months) earlier. Program could be initiated within 2 months after criteria are met. (Note.—Seasonally adjusted data are revised each year. These dates are based on 1961 revisions and therefore may differ slightly from those dates obtained by using data previously available.)

[2] The date at which the economy returned to the neighborhood of a 4 percent unemployment rate.

[3] Full employment has not been achieved since the beginning of the 1957 recession.

Source: Council of Economic Advisers, 1962 Annual Report, p. 74.

Senator KERR. Senator Randolph.

Senator RANDOLPH. Dr. Heller, you said on page 9 of your statement that there are projects in being—you used the language "at the ready"—which could be processed under such a program as is envisaged in Senate bill 2965, the standby authority, and the amendment which is offered to that measure by Senator Chavez, which would call for immediate action.

Now, can you state what those projects would be that would be in a state of readiness for prosecution?

Dr. HELLER. Senator, if I may, I should like to defer to my colleague, Mr. Bell, Director of the Budget Bureau, who will follow me, on this.

Senator RANDOLPH. Yes, that will be agreeable.

Dr. HELLER. He will have the details on that.

Senator RANDOLPH. Thank you. You have indicated, as I understand it, that our economy has shown a capacity to grow at a certain rate. What is that rate?

Dr. HELLER. Well, the rate in recent years, and particularly when you use the term "capacity to grow," has been 3½ percent. That is, the potential output of our economy has been growing at 3½ percent a year, made up roughly of a 2 percent overall growth in productivity and about a 1½ percent growth in the labor force.

Senator RANDOLPH. Well, is it not true that the annual rate of growth between 1953 and 1961 was approximately 2.5 percent?

Dr. HELLER. Yes. I was going on to that, sir. The realized rate of growth, because we did not use our whole potential, was closer to your 2½ percent figure than the growth that we were capable of, which was 3½ percent.

Senator RANDOLPH. Then would you agree with my observation that we can have a rate of growth in this country of between 4 and 5 percent without an inflationary strain; is that correct?

Dr. HELLER. We conclude that it is; yes, sir.

Senator RANDOLPH. And of course that would be for periods that would not be in what we call depressions or deep recessions? Am I correct?

Dr. HELLER. Well, if the economy were operating at a reasonably high level of employment and income relative to its capacity, we presumably could average that over quite a longrun period. But you are quite right; if we fell in a depression, we would not have that rate of growth.

Senator RANDOLPH. Then would you agree, Dr. Heller, that the deficient growth rate has led to a chronically rising level of unemployment?

Dr. HELLER. We have had a larger residual of unemployment after each recovery.

Senator RANDOLPH. Yes. The trough, then, has been deeper after each recession than it was in the prior recession; is that true?

Dr. HELLER. The average level of unemployment from peak to peak or trough to trough has been rising.

Senator RANDOLPH. Dr. Heller, would you also say that it is incorrect to attribute these surplus labor areas to sections of the country? Is it not true that very generally these areas are throughout the entire country and in numerous segments of the economy of the Nation; therefore, not just a few sectors but important sectors are affected? Is that not true?

Dr. HELLER. Yes. The Area Redevelopment Authority areas and the other areas that have had 6-percent unemployment for more than 12 months—these are the criteria for eligibility for expenditures under the proposed immediate capital improvements program—may be found pretty much throughout the United States.

I think Mr. Batt, if he is appearing before your committee, will bring a map which demonstrates that.

Senator RANDOLPH. Then when we have had consistent increases in the chronic level of idle plant capacity, have not these been accompanied by chronic increases in idle manpower?

Dr. HELLER. Well, sir, there is a question about the word "chronic." We have had a rising level of unemployment, no question about it. And we have had, on the average, a larger amount of unused capacity in the past recovery than in the earlier recoveries. However, I shy away a little bit from the word "chronic," if it is meant to imply that a larger proportion of our total unemployment is really irreducible, chronic structural unemployment. I think if the economy were moving at a good pace, if demand were up, we would find that a lot of that unemployment would dissolve.

Senator RANDOLPH. Would you say, Dr. Heller, that we have had, let us say between 1952 and 1961, an aggregate forfeiture of total national production that might result in a figure of $344 billion; and could this be attributed to the low growth rate in the Nation? I am speaking now in uniform 1959 dollar.

Dr. HELLER. I am not familiar with the particular figure. In my testimony I cited, during the fifties alone and from recession alone, a loss of $175 billion of output as a conservative estimate.

If I understand your question, Senator, I think you are combining with the loss from recession an additional loss from not having had a higher growth rate. In other words, you suggest that the level of output from which we dropped might have been higher. A complication of that kind might make such a figure quite conceivable. But I have not made that particular computation.

Senator RANDOLPH. Well, Dr. Heller and Mr. Chairman, I do want to explain that I am certainly no expert in this type of discussion. I hope to be a student of the subject. And I think that when we speak of the forfeiture, as I did, of total national production—and I think I am correct in the figures that I used—I believe that we can say that the forfeiture of employment opportunity was also very great during that period.

Dr. HELLER. No question about it.

Senator RANDOLPH. I think it has been estimated as 22.5 million man-years.

Have you heard such a figure, Dr. Heller, or would you indicate it might be true?

Dr. HELLER. Well, I have not made that particular computation. It certainly runs into many millions of man-years. I do not know; I do not happen to have made that computation.

Senator RANDOLPH. You would say, though, that all types of wage earners and major types of business activity, because of the forfeiture of growth rate of which I have spoken, have suffered in our economy; is that not true?

Dr. HELLER. No question about it.

Senator RANDOLPH. Thank you, Mr. Chairman, and thank you, too, Dr. Heller.

Senator KERR. The Senator from Hawaii.

Senator FONG. Thank you.

Dr. Heller, the Senate bill before us has two prongs; is that correct?

Dr. HELLER. Yes, sir.

Senator FONG. The standby Presidential authority to initiate expenditures to accelerate public works programs is one and the immediate $600 million capital outlay is the other; is that correct?

Dr. HELLER. That is correct, sir.

Senator FONG. Now, on this $600 million outlay, that envisions an immediate expenditure; is that correct?

Dr. HELLER. Yes, in the next 12 to 18 months.

Senator FONG. And this can be done immediately if the bill is passed and the money appropriated, which would be in the sum of $600 million; is that the amount requested?

Dr. HELLER. That is the amount. And we suggest a pattern of $25 million this fiscal year, before June 30; and $350 million next fiscal year; and then the remainder in the early part of fiscal year 1964.

Senator FONG. And that is at the discretion of the President; as soon as he feels that there is substantial unemployment in an area, he can go in with that money?

Dr. HELLER. The $600 million would be authorized for expenditure immediately. The Executive power would have to do with the distribution of that expenditure by geographical areas, by Federal projects versus State and local projects, and so forth.

Senator FONG. And the criterion there for him to expend this money is the question of substantial unemployment then existing; is that correct?

Dr. HELLER. Expenditures would go to areas of substantial unemployment and the redevelopment areas, which include both high-unemployment and low-income areas.

Senator FONG. Now, is my understanding correct the standby authority which has been requested here is predicated on the fact that, if within 60 days after the date when data is compiled by the Department of Labor and there has been an increase in unemployment say of 1 percent and as soon as there is a declaration that unemployment has increased by 1 percent, that the machinery of accelerating this public works program goes in effect?

Dr. HELLER. There has to be not only a finding that unemployment has increased by 1 percentage point, but further, a finding that economic conditions in general are such that they require the exercise of some part of the $2 billion capital improvements authority.

Senator FONG. Yes, sir. The provisions are tied down to the finding of a 1 percent increase in unemployment?

Dr. HELLER. Yes.

Senator FONG. And the other is a very general provision that economic conditions be such that the President will have to find that the general economic conditions were soft?

Dr. HELLER. Yes. But there would have to be an examination to back that up, and a finding that economic conditions were soft or that a recession was beginning before the authority could be invoked.

Senator FONG. Should there be a more definite finding?

Dr. HELLER. Well, sir, the requirement that there be a 1 percentage point increase in unemployment is already a fairly rigorous requirement. For example, an increase from 4 percent to 5 percent in the unemployment rate is a 25 percent increase in unemployment. An increase from 5 percent to 6 percent would be a 20 percent increase in unemployment.

Senator FONG. And suppose the unemployment figures should drop to 3 percent and then should rise 1 percent to 4 percent; do you think that would be sufficient reason for the President to declare that this public works program should be accelerated?

Dr. HELLER. It might be and it might not be. And that is why the other provision is put in. There has to be a finding that conditions are such as to call for this action.

Senator FONG. You have no base?

Dr. HELLER. We do not have any specified percentage base from which this 1 percentage point increase could be computed.

Senator FONG. If the unemployment rate were zero or 1 percent and there was an increase of 1 percent, then the public works program could be accelerated; that is, if he found that the general conditions were such as to warrant that:

Dr. HELLER. If that were within the bounds of realism, yes. But I am sure that if there was a 1 percent unemployment rate of 2 or 3, the other conditions would not be found to obtain.

Senator FONG. Dr. Heller, you were talking about several recessions since the war; four recessions, I believe. How do you define a recession?

Dr. HELLER. Well, a "recession" is defined rather simply as a receding of economic activity from the level that it has previously obtained. In other words, with a decline of income and employment and production, the recession, so to speak, defines itself.

In determining when a recession has occurred, two major tools are generally accepted as the best indicators. One is the industrial production index. The second is the overall gross national product. And I should add to this, of course, third, the unemployment index.

Senator FONG. Now, judging from that definition, would you say that we are still in a recession, that we have not gotten out of it; although we have shown growth?

Dr. HELLER. Well, sir, I would put it this way. The period of actual recession, of decline in total economic activity, came to an end in February of last year. But as for overcoming the effects of that recession and reaching the potential of our economy, we have not completed the process of economic recovery to a satisfactory level of economic activity.

Senator FONG. Although we have recovered, we have not recovered sufficiently; is that what you are saying?

Dr. HELLER. We have not recovered sufficiently to be satisfied on either the employment front or the production front.

Senator FONG. Therefore we are still in a recession.

Dr. HELLER. We still have an inadequate level of economic activity, but we are not in a recession, because activity is moving up and has moved up by $50 billion at an annual rate of output. We are not in a recession, no.

Senator FONG. The fact that we have 4,380,000 unemployment, what relation would that have to your definition of a recession or a recovery, considering that we have diminished that figure by a million unemployed?

Dr. HELLER. Well, I would simply say that the fact that we diminished it by a million suggests that we have a recovery. The fact that it is still 4,380,000 shows that the recovery has not moved far enough.

Senator FONG. Now, our recovery has been what percent? What was the gross national product we had in the past 6 months?

Dr. HELLER. We do not yet have a figure, of course, for the first quarter of this year. If you will permit me to use an approximation, let us say that in the first quarter of this year total output was around $550 billion, give or take a billion. That would mean that, from the summer of 1961, when it was $526 billion, there has been roughly a $25 billion increase in the rate of output. That is a little less than a 5-percent increase in two quarters. And since a year ago, since the trough of the recession, it is almost a 10-percent increase in output.

Senator FONG. Is it true that, within the last few months or the last quarter, our growth has been only around 3 percent?

Dr. HELLER. Now, are you referring to the annual rate of growth——

Senator FONG. Yes.

Dr. HELLER (continuing). Or the rate of growth from quarter to quarter?

Senator FONG. Quarter to quarter.

Dr. HELLER. Well, on the quarter to quarter we will have to speculate for a moment, because we do not have the figures yet.

If the gross national product were $550 billion for the first quarter of this year—and I want to make very clear that is an estimate; this figure is computed by the Commerce Department and will be available next week, as I recall the schedule—there would be a rise of about $8 billion from the fourth quarter of last year.

An $8 billion rise would be about 1.5 percent. And that would be for one quarter at 1.5 percent, or an annual rate of 6 percent.

Senator FONG. Thank you. Would you say that growth has diminished, or has it slowed down?

Dr. HELLER. For that particular quarter, the rate of recovery or rate of expansion has slowed down from the rate in the preceding year. Usually we use the term "growth" when we are referring to a somewhat longer range pattern of economic activity; we use the term "expansion" or "recovery" for the shorter period.

Senator FONG. What do you anticipate the growth will be for the next two quarters?

Dr. HELLER. Well, I cannot give it to you precisely in terms of a quarter-by-quarter rate of growth. As you recall, we had an estimate of $570 billion for gross national product for the year 1962. This required over a 2-percent rate of growth per quarter, or about 9 percent for the year.

Senator FONG. Do you say that we will have a 9-percent rate of growth this year?

Dr. HELLER. Yes, we should have about 9 percent expansion for the whole year 1962 over the whole year 1961.

Senator FONG. And what was the growth last year?

Dr. HELLER. The growth last year was from a rate of $501 billion in the first quarter, which was still a recession quarter, to $542 billion at the end of the year. So it was going along at an increase of more than 10 percent for the year.

Senator FONG. That would be a substantial growth, would it not—9 and 10 percent?

Dr. HELLER. For the 2-year period, this would mean growing from a rate of about $500 billion at the beginning of last year to over $575 billion at an annual rate at the end of this year. Yes, sir; that would be a substantial improvement.

Senator FONG. Judging from an article I read, it does not seem to agree with you that the growth has been at that rate.

Dr. HELLER. Sir, I do not know whether you are referring to the growth so far or the growth to come.

Senator FONG. No—so far.

Dr. HELLER. The growth so far, I think, will become simply a statistical fact. Next week we will know whether there has been a $48 to $50 billion increase in GNP since last year or not. And I think that it will be so close to that range that it would be safe to say we have had virtually a 10-percent growth from the first quarter of 1961 to the first quarter of 1962. It will be within hundredths of a percentage point.

Senator FONG. Ten percent growth is fantastic.

Dr. HELLER. No, sir; not by past standards. This has been just about on target in comparison with past postwar recoveries. They have averaged just about 10 percent in the first four quarters of a recovery.

Senator FONG. Now, this acceleration period, as soon as the President has been notified by the Labor Department that there has been a 1-percent increase in unemployment and he feels that the other facts justify his announcing that a period of acceleration for public works programs has come; as soon as he announces it, he only has 12 months to work at it?

Dr. HELLER. He has 12 months if the acceleration period is no longer than 12 months, if it is not extended by Congress.

Senator FONG. Yes. Does that mean that he has to spend $2 billion in 12 months?

Dr. HELLER. What it means is that he can spend up to $2 billion—anywhere up from $1 to $2 billion—on projects that would take no more than 12 months from the date of inception to the date of completion.

Senator FONG. In other words, it has to be spent within a 12-month period, and the project must be completed within the 12-month period?

Senator KERR. No; it has to be committed within a 12-month period.

Dr. HELLER. Thank you, Mr. Chairman. That is right.

Senator KERR. And completed as soon as that completion is feasible.

Senator PROUTY. That could mean years.

Senator KERR. Not necessarily. We passed an accelerated road program in 1958, and we authorized an additional amount of money for the A–B–C road system. We provided that it would be allocated to the State provided that the State put it under contract so that the project would be completed within 12 months thereafter.

Senator FONG. Now, on page 4 of the bill under (b) it is stated:

> No new public works acceleration period shall be proclaimed within the six-month period immediately following the date of termination of a prior public works acceleration period.

And the paragraph preceding that reads:

> * * * Any public works acceleration period proclaimed by the President shall automatically terminate twelve months after initiated unless extended by joint resolution of the Congress * * *.

Why is section (b) necessary if there is only going to be one proclamation, one acceleration period?

Dr. HELLER. I am not sure I understand the question. I believe the bill is designed to provide that the 12-month period should be automatically terminated, unless extended by the Congress, and then that the President cannot declare a new capital improvements acceleration period for another 6 months.

If, however, the situation were so bad that, in the wisdom of Congress, it should continue beyond the 12 months, this action would be provided for.

Senator FONG. Do you think that refers to the joint resolution; that is, section (b)? It says that there shall be one acceleration period and that it will be terminated within 12 months. And then you have section (b) saying that:

> No new public works acceleration period shall be proclaimed within the six-month period immediately following the date of termination of a prior public works acceleration period.

Dr. HELLER. I do not mean to be unresponsive, but I guess I am not really clear on what the nature of the question is. May I try an example, and perhaps we can try to work to it that way?

Senator FONG. Yes.

Dr. HELLER. Suppose the President would declare a public works acceleration period on January 1, 1965, and then the acceleration period would last until January 1, 1966, unless extended by the Congress. Then he could not again declare a capital works acceleration period, even though the conditions were satisfied within the next 3 months, let us say, by rising unemployment. He would not be permitted to declare another acceleration period until July 1, 1966.

Senator FONG. Section (b) only refers to the preceding condition; that is, a joint resolution by the Congress that this will continue?

Dr. HELLER. No, it refers to the——

Senator KERR. May I try to answer that question?

Dr. HELLER. Since I am not doing very well, I wish you would.

Senator KERR. If I understand this bill, this part of section 3, the President can declare a public works acceleration period which shall begin on the date specified by the President and shall terminate whenever the President finds and declares that the need for the program authorized no longer exists. However, if he does not make any such declaration, it will automatically cease to exist in 12 months, unless the Congress, by joint resolution, extends that particular public works acceleration period.

Senator FONG. Right.

Senator KERR. Now, when that public works acceleration period has terminated, either at the end of 12 months without being extended by the Congress, or in less than 12 months by the President making findings that the conditions no longer exist and therefore the acceleration period is terminated—but when it terminates, then another such acceleration period cannot be declared until 6 months after the termination of the one that had been declared.

Now, as I understand this bill, in order to make the thing a little more clear, this bill does not limit the acceleration period proclamations to one.

Senator FONG. It is conceivable he may have two within a 12-month period?

Senator KERR. No, not unless he had one of less than 6 months.

Senator FONG. Yes.

Senator KERR. And then 6 months expire, and then another one started.

Senator FONG. That is true.

Senator KERR. And I doubt very seriously if that would be very likely, because there has to be a 60-day period in there following date of compiling published by the Department of Labor.

But under this bill, a series of public works acceleration periods could be declared. This is not a bill, as I understand it, limited to a $2 billion program. A public works acceleration period could be declared, $2 billion could be expended under this bill, that public works acceleration period could terminate, either by the termination of 12 months or the period plus 12 months which the Congress had extended, or by action of the President within the 12 months. And then within not less than 6 months thereafter, or at any time beyond 6 months after termination of the first one, without further legislation another public works acceleration period could begin on the President's proclamation under this bill, and that would set in motion then an additional $2 billion worth of public works.

Senator FONG. That is correct. This is a recurring thing.

Senator KERR. It is a continuing authorization. And any time that a public works acceleration period is declared by proclamation of the President under the conditions set forth in this bill, that triggers the authority for the $2 billion public works acceleration program.

Senator FONG. And this bill is not a one-shot bill.

Senator KERR. Not at all.

Senator FONG. It is a continuing bill.

Senator KERR. It could be 10 shots.

Senator FONG. Ten shots, $20 billion.

Senator KERR. Ten shots, $20 billion. It would take 10 years, approximately, for that to happen. But in order for us to understand the bill, if I have read it correctly, that is what is included in it.

Senator FONG. Right; I understand now. I had the impression it was a one-shot bill.

Senator KERR. No, it is not. The $600 million is a one-shot feature.

Senator FONG. Yes. Thank you.

Senator KERR. I would like to ask you a few questions, Doctor.

You and the Senator from Vermont were talking about the high level of employment during the thirties, the depression, as being 14 percent.

Dr. HELLER. It went as high as 20 percent and more, the level of unemployment in the thirties.

Senator KERR. Well, as I recall, there were about 13 million unemployed. I do not remember what the labor force was then; 14 million, I think it was.

Dr. HELLER. The average rate of unemployment for an entire year went up to a high of almost 25 percent, a quarter of the working force.

Senator KERR. My recollection is that it went away beyond 14 percent, because there was something like 14 million unemployed in the country, and I am sure the labor force was not in excess of what——

Dr. HELLER. The labor force was 51,840,000 in 1933, which was the peak unemployment year when it averaged 24.9 percent.

Senator KERR. Well, that is more like the way I remembered it.

Senator PROUTY. Will the chairman yield?

Senator KERR. Yes.

Senator PROUTY. I have a figure here which says that in 1941, just before the outbreak of World War II, the unemployment dropped below 8 million. I do not know what percentage of the labor force that was.

Dr. HELLER. 1941 was 9.9 percent unemployment, sir.

Senator KERR. I think that is correct.

I was not finding fault with the recitation, with the accuracy of the statement with reference to the slowness with which we recovered from that deep depression. I was concerned, however, with the record reflecting that the peak of unemployement was 14 percent.

Senator PROUTY. It was much higher than that.

Senator FONG. Will you excuse me, Mr. Chairman? I am going to make a call.

Senator KERR. Certainly.

Now, Doctor, in order that we might get provisions of this bill in simple, understandable language, let us provide it like they did, calling it a certain number of parts, and then analyze it.

In the questions I just asked you concerning what Senator Fong was discussing with you, we set forth that a public works acceleration period can be proclaimed by the President upon the occurrence of a certain percentage of unemployment.

Dr. HELLER. That is correct.

Senator KERR. Now, as I understand it, that percentage is based on a certain amount of increase in unemployment and not a certain level of unemployment.

Dr. HELLER. That is correct.

Senator KERR. To the increase.

Now, what is the increase that would have occur to authorize the President to trigger or proclaim a public works acceleration period?

Dr. HELLER. Well, it would have to be a rise of 1 percentage point in at least 3 out of 4 months. In other words, the rate must have risen in at least 3 out of 4 months, and have risen by 1 percentage point.

Senator KERR. What 3 months?

Dr. HELLER. No, a total in that period, a rise of 1 percentage point.

Senator KERR. Now, why would you say in 3 out of 4 months?

Dr. HELLER. The purpose of the trigger is to insure that the increase in unemployment is of sufficient size and sufficient duration so that it does signal the probable onset of recession.

Senator KERR. I presume that the language is sufficiently specific as to accurately identify the date with reference to which comparison was made.

Dr. HELLER. It was designed to be, sir.

Senator KERR. If there is an increase in unemployment in 3 out of 4 consecutive months?

Dr. HELLER. Yes, sir.

Senator KERR. And if the total of the increases amounts to 1 percent of the labor force above the percentage of unemployed at the beginning of any 4-month period, that is the basis of the authority to issue the proclamation?

Dr. HELLER. Well, that is one standard. The other standard is an increase in 4 out of 6 months and amounting to 1 percentage point over the period 6 months earlier.

Senator KERR. I see. In other words, if it had only reached eight-tenths of 1 percent in the 4-month period but had had an increase in unemployment in only 2 of the 4 months, then in each of the next 2 months there was an increase in the unemployment so that by the end of the 6 months from the base date the total amounted to 1 percent, then that would create the authority?

Dr. HELLER. Yes, that is correct. It was designed to cover both the situation where there is a very rapid increase in unemployment——

Senator KERR. I understand.

Dr. HELLER. And then a—yes?

Senator KERR. I am just trying to get this in the record. You see, I finished the eighth grade. I got a little beyond it, but I did not learn much after that. I just want to get it in here in language that I understand. That is the purpose of these questions.

Senator RANDOLPH. He really wants to make it plain for other members of the committee, like myself.

Senator KERR. Now, having done that, the authority exists for a $2 billion program of accelerated public works or accelerated Federal expenditure of funds in connection with either Federal or local public works as set forth in this bill?

Dr. HELLER. Well, sir, having determined that the statistical conditions are met and having made a finding that current and prospective economic developments require such action to meet the objectives of the Employment Act—in other words, it must first be unemployment record, and, secondly, a finding on the general economic situation——

Senator KERR. Well, he can do that on the basis of this increase in unemployment, can he not? You do not set forth any standards in here with reference to the general economic conditions.

Dr. HELLER. Well, the language specifically says that, after the President has determined that existing employment and unemployment indicators and other available economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives of this act——

Senator KERR. He can issue the proclamation.

Dr. HELLER. Yes, sir.

Senator KERR. All right.

Now, having issued the proclamation, that authorizes a $2 billion program; is that correct?

Dr. HELLER. Up to $2 billion; yes, sir.

Senator KERR. Well, it would have to be a $2 billion program for it to be up to $2 billion; would it not?

Are you not going to have to get into harmony here about the semantics?

Dr. HELLER. I hope not, Mr. Chairman.

Senator KERR. Do I have to ask you questions in a just specific kind of language for you to give me a definite answer?

Dr. HELLER. No, sir.

Senator KERR. Or can you just answer "Yes" or "No"?

Dr. HELLER. $2 billion is the authorization; yes, sir.

Senator KERR. When he issues the proclamation under this act, that gives him the authority to launch a $2 billion public improvement or public works program?

Dr. HELLER. Yes, sir.

Senator KERR. Now, I am not arguing with this. I am going to try to get a bill out of this committee. But if you and I spent a week arguing about getting the simple guts of this bill in this record. we would not get it out this week.

Dr. HELLER. Mr. Chairman, the only point I was trying to make was that this does not direct him to spend $2 billion.

Senator KERR. I did not say "directed."

Dr. HELLER. Yes.

Senator KERR. I said it "authorized him." Correct?

Dr. HELLER. Correct.

Senator KERR. Now, not more than $750 million of that shall be spent under what is referred to here as section 4 of the act. I believe that language is on page 11, lines 1 through 5.

Dr. HELLER. That is right.

Senator KERR. Now, section 4 says:

In addition to the authority otherwise available to him, the President, during the existence of a public works acceleration period, may for the purpose of this Act, direct the departments and agencies of the executive branch, under such rules and regulations as he may prescribe, (1) to accelerate existing Federal public works projects and programs or (2)—

and I am putting the (2) in there by poetic license—

to initiate new projects and programs already authorized by law.

Dr. HELLER. Yes, sir.

Senator KERR. Correct?

Dr. HELLER. Correct.

Senator KERR. So that $750 million can be made available either to accelerate the completion of existing Federal public works projects under construction or under planning or to initiate new projects and programs which are already authorized below, public works programs.

And I take it that would mean under the Corps of Engineers, the Bureau of Reclamation, Soil Conservation, and so forth?

Dr. HELLER. Yes, sir.

Senator KERR. What else?

Dr. HELLER. Well, there could be projects under the jurisdiction of the Department of Health, Education, and Welfare, General Services Administration, Forest Service, Federal Aviation Agency, National Park Service, and so forth.

Senator KERR. Yes. All right.

Now, then, the next lines on page 11 say:

* * * $750 million for the purpose of financing projects authorized to be assisted under sections 5 and 6 of this Act, * * *

Now, 5 and 6 authorize the initiation or acceleration of public works projects and programs for which Federal grants to such bodies and organizations are authorized by the Congress and under the terms and conditions prescribed by the Congress.

And that is where I thought that the antipollution projects or hospital projects came into the picture. I am trying to get into the record there——

Dr. HELLER. Yes, sir.

Senator KERR. I am trying to get into the record, and if Mr. Bell needs to come up here to help us out, I want him to do so. I am trying to get into the record, No. 1, what this first $750 million applies to; No. 2, what this second $750 million applies to.

Dr. HELLER. Mr. Bell assures me that your point is correct, hospital projects would be under section 5; they are Hill-Burton grant programs.

Senator KERR. All right. And then section 6, which is the beneficiary of $750 million:

the Housing and Home Finance Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to make grants to States, municipalities, and local public bodies to finance the initiation or acceleration of public works projects and programs which are not eligible for grants under other Acts of Congress.

Now, what does that contemplate?

Dr. HELLER. Mr. Chairman, as I mentioned earlier, the specific projects and funding and administration of this was to be covered by Mr. Bell. May I turn to him for this?

Senator KERR. Surely. I am just trying to get this in the record, as I said, in terms the chairman, who is an eighth grader, can understand.

STATEMENT OF HON. DAVID E. BELL, DIRECTOR, BUREAU OF THE BUDGET; ACCOMPANIED BY J. E. REEVE

Mr. BELL. These projects under section 6, Mr. Chairman, would be those which are not under the normal or regular Federal grant program; for illustration, a municipal waterworks or municipal sewage system.

Senator KERR. How about schools?

Mr. BELL. Schools; yes, sir, they would be.

Senator KERR. Highways?

Mr. BELL. Of course, most highways are already covered by Federal programs. But those that were not, city streets, for example, could be covered under this section 6.

Senator KERR. All right. Now, then, under section 6:

(c) The amount of any grant made under the authority of this section shall not exceed 50 per centum of the cost of undertaking and completing the project or program for which the grant is made.

I take it that if section 6 is taken alone, those projects that could benefit by this money would have to be participated in by the local city, county, municipality, or State, up to at least 50 percent?

Mr. BELL. Exactly.

Senator KERR. Now, then, the next part of this $2 billion is the $250 million, beginning at line 9:

* * * for the purpose of financing projects authorized to be assisted under section 7 of this Act, * * *

Now, as I understand section 7, it authorizes:

the Housing and Home Finance Administrator, or such agency or officer of the Federal Government as he may designate, upon application and under such rules and regulations as he shall prescribe, to purchase the securities and obligations of, or make loans to, States, municipalities, local public bodies and nonprofit organizations which otherwise would be unable to meet their share of the cost of projects and programs for which grants have been authorized pursuant to sections 5 and 6 of this act.

Now, if I understand that correctly, that provides the money to make the loans to the local agency, State, municipality, local public body or nonprofit organization, to pay their 50 percent of the cost of the project.

Mr. BELL. Yes, sir, that is right.

Senator KERR. Now, what is included in local public bodies and nonprofit organizations?

Mr. BELL. The local public bodies, of course, would be school districts, or soil conservation service districts, or some other unit of——

Senator KERR. You mean a political unit?

Mr. BELL. Yes, sir, a political unit.

Senator KERR. Then should that not say local political subdivisions or something, Mr. Bell?

Mr. BELL. A definition of "local public body" is included on page 13 of the act. It says there:

The term "local public body" includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities, or political subdivisions of States; Indian tribes and boards or commissions established under the laws of any State to finance specific public works projects.

Senator KERR. Well, public agencies or instrumentalities or public corporate bodies.

But as you say, generally speaking, the definition is there in section 13(b) on page 13. But it seems to me that, even so, some of the language there is sufficiently broad to include identities not mentioned.

Mr. BELL. Well, the term "local public body" seems to be specifically defined. I take it the other words used; namely, the words "nonprofit organizations"——

Senator KERR. Well, we have not got to that yet.

Mr. BELL. Right, sir.

Senator KERR. We are now talking about public corporate bodies.

Mr. BELL. Right. This does seem to be limited. And I am not a lawyer, Senator, and I am not trying——

Senator KERR. I understand.

Mr. BELL. But it seems to be limited fairly clearly to political instrumentalities or public instrumentalities established by States——

Senator KERR. Can you envision any public instrumentality of one or more States?

Mr. BELL. Yes, sir.

Senator KERR. What is it?

Mr. BELL. The Port of New York Authority would be an illustration. It is established by the States of New York and New Jersey as a public instrumentality. And I assume there are other similar illustrations.

Senator KERR. Oh, that does not mean two States could be one but that there could be a public instrumentality that could be in more than one State?

Mr. BELL. Yes, established jointly, by two of them.

Senator KERR. I see.

Now, what about Indian tribes?

Mr. BELL. Well, the Indian tribes, of course, are there because of their particular standing under the laws of the Nation, in the sense that they are managing bodies for considerable enterprises which I believe vary. You would know much more about this than I.

I believe the authority varies with the different tribes, and so on. But certainly in many cases an Indian tribe carries out kinds of functions respecting the area in which the tribe lives.

Senator KERR. Well, how many of them have the authority to borrow money on the value of a committance?

Mr. BELL. I could not say, Senator; I will have to get a check on that.

I believe, if I am not mistaken, Mr. Phileo Nash, the Commissioner of Indian Affairs, has told me there are some of them at least that can, with the permission of the Federal Government, borrow for certain purposes.

Senator KERR. Well, what about those that could not?

Mr. BELL. Then I assume that this section 7 would not apply to them, because it is clearly a section relating to the borrowing of money by these local public bodies.

Senator KERR. All right, now, is the term "nonprofit organization" defined in the act?

Mr. BELL. I do not think it is defined here, sir. It could easily enough be defined, I am sure.

It is intended to cover agencies which are not relevant to section 6 but to section 5, under which there is covered a whole series of existing Federal grant programs, including, for example, the Hill-Burton Act, where a grant for a hospital——

Senator KERR. Well, do you not think that—in the first place, my own judgment is that the phrase should not be in the bill; that is my own judgment. I do not know how the other members of the committee feel about it, and my judgment is not binding either on you or the committee. But if you were going to say "nonprofit organizations"—well, in fact, I do not see what they could be.

Mr. BELL. Well, sir, let me give you an illustration.

Senator KERR. Of a political identity that is not included in the definition of "local public bodies."

Mr. BELL. But it would not be a political subdivision or local public body. That is my point.

Under the Hill-Burton Act, grants can be made to hospital associations, for illustration, which are not necessarily municipal or State in the political sense. They will, of course, be——

Senator KERR. Well, in other words, then, under this, the Hill-Burton Act would be rewritten.

Mr. BELL. No, sir. I am saying that under the present——

Senator KERR. I say that under this bill, you would be rewriting the Hill-Burton law on a basis to where the Federal Government would give the local hospital association 50 percent of the costs and loan them the other 50 percent.

Mr. BELL. I think that would be possible, Senator; yes, sir.

Senator KERR. You think that is something you want to do?

Mr. BELL. Well, for the purposes of this——

Senator KERR. And that is not limited to a hospital association, if I understand it. It might even be a YMCA, or it might even be——

Mr. BELL. No, sir. Section 5 relates only to Federal grant programs which already exist. And consequently, only if there were a Federal grant program now under which funds would be made available, grants would be made available to a YMCA, would they come under section 5.

Senator KERR. What would keep a YMCA from building a hospital building under that?

Mr. BELL. If they can do it now under the Hill-Burton Act, they can do it under this piece of legislation; but there would be no broadening of the eligibility.

Senator KERR. But this would be a broadening of it.

Mr. BELL. The share——

Senator KERR. Of the Hill-Burton program, would it not?

Mr. BELL. Yes, sir, that is right, in the sense that you spoke of it a minute ago.

Senator KERR. Did you intend to do that?

Mr. BELL. In the sense of enlarging the share. If it is not now 50 percent—I think it is not.

Senator KERR. It is not now 50 percent.

Mr. BELL. Right.

Senator KERR. And the Government does not now make loans of the rest of the cost.

Mr. BELL. Right.

In those two respects this bill would represent a broadening, for the limited purposes that this bill has, of the present arrangements. And the same thing would be true of other Federal grant programs which now exist.

Senator MCNAMARA. Would the chairman yield?

Senator KERR. Yes.

Senator MCNAMARA. Under this section, in reference to nonprofit organizations, would a religious group be enabled to take advantage of this provision to provide a home for the aged?

Mr. BELL. Only if they are under the existing basic legislation, Senator.

Senator MCNAMARA. I understand they are under the Housing and Home Finance Act now, to some limited degree.

Mr. BELL. I cannot give you an authoritative answer; I am sorry.

Senator KERR. Well, a local church organization can borrow 100 percent now for the purchase of a home for the aged, can they not?

Mr. REEVE. Yes.

Senator KERR. Well, would this authorize the Government to give them 50 percent and loan them 50 percent?

Mr. REEVE. I do not think so.

Mr. BELL. I think not, Senator; I think there would have to be a grant program in the present law. If the provisions now are that the Federal Government——

Senator KERR. Well, I will tell you; you give some thought to tightening that up a little, because I am not saying that that will have to be done to get this bill out of this committee; it will have to be done immediately to try to get it out of the committee.

Mr. BELL. Are you referring particularly to the language about nonprofit organizations, Senator?

Senator KERR. Yes, sir, and some limitation on local public bodies.

For instance, I do not see any basis to have loans, have grants available to, say, a half a dozen of 50 Indian tribes. If you are going to make it available to some Indian tribes, I think it ought to be available to all of them.

Mr. BELL. We will be glad to check into that point, Senator.

Senator KERR. And I think that ought to be very carefully scrutinized.

Mr. BELL. Right.

(The following information was subsequently submitted:)

A check with the Department of the Interior indicates that any Indian tribal organization can borrow and would be eligible for a loan under section 7 of the bill. The term "Indian tribe" is broadly interpreted to apply to both formally and informally organized tribes.

Senator KERR. Now, Senator Case this morning asked some questions about where this money could be obtained and, if I understand it, it could be obtained from the unobligated balance of any appropriation for which the Federal Government makes appropriations.

Mr. BELL. Not only appropriations, Senator, but any other kind of obligational authority that the Congress may have made available; borrowing authority, for example, authority to use public debt receipts.

Senator KERR. What about the provision in the law that sets a certain percentage of tariff income aside for the support of agricultural products?

Mr. BELL. Section 32? That does constitute obligational authority available each year to the Secretary of Agriculture under the terms of that law; and insofar as it were not obligated, it would be part of the total, which exists in the Government at any one time.

I had some reference to this in the prepared statement which I had ready, and which perhaps should be inserted in the record at some point.

Senator KERR. Let it be inserted in the record, and then we will let you summarize it when we get to it.

Mr. BELL. Right.

But there is, Senator, at any one time, between $30 and $125 billion of unobligated obligational authority available to the various agencies of the executive branch.

Senator KERR. Yes, but not that many appropriations.

Mr. BELL. A part of these funds would be unobligated appropriations. Others would be contract authority or authority to spend public debt receipts.

Senator KERR. Authorities to commit.

Mr. BELL. That is right.

Senator KERR. Now, this would make an appropriation to the extent of the money used out of an unused authority to commit, would it not?

Mr. BELL. This would be using the authority to commit in whatever form it was, Senator. I do not think it would convert it in any technical sense into an appropriation.

Senator KERR. Well, for instance, in the highway program I imagine there is $100 million a year—forest trails, public lands, forests, which are authorized and funds of which authority are given to the Bureau

of Roads to make commitments, though the money has not been appropriated. Is that not right?

Mr. BELL. That is right, sir. We call that contract authority.

And as a matter of fact, it is normally given, as you undoubtedly know, 2 years at a time.

Senator KERR. Yes.

But the point I am making is, would this act not make it possible to transfer any of that authority to contracts available to this program?

Mr. BELL. It would be; yes, sir.

Senator KERR. That had not been contracted.

Mr. BELL. That is correct.

Senator MCNAMARA. Mr. Chairman, do I understand this colloquy to indicate that money could be allocated from the highway trust fund?

Mr. BELL. No, Senator. It is not our interpretation of this language that it would touch any of the trust funds. It would be simply the various budget accounts.

Senator KERR. No; if it touched the highway trust fund, it would touch the social security trust fund.

Mr. BELL. Yes, sir. And as I say, the language is not interpreted to reach that far; not intended to.

Senator MCNAMARA. The language is not clear on that point. I think some clarification would be in order.

Senator KERR. Now, it is my judgment that we would need some very specific clarification of that. I am sure other members of the committee will want to go into it more fully.

I want to get back now to a question or two I have for Dr. Heller.

Let us finish the $2 billion. There is another $250 million which the President could use at his discretion for either of the other three categories that we have discussed.

Mr. BELL. That is right, Senator.

Senator KERR. So that under the bill there would be as much as $500 million, if he so chose, public grants or public loans to the local agencies, units of Government, to borrow from.

Mr. BELL. That is right.

Senator KERR. Now, what would you do in the cases where the State does not have the authority to borrow money?

Mr. BELL. If they could put up their share of the cost of the projects which would be undertaken under this, there would be no problem. If they could not put up their share without borrowing from the Federal Government and were not authorized to borrow, then I take it there would be no solution offered by this act, Senator.

Senator KERR. I believe the bill provides that not more than 12½ percent of it shall be spent in any one State.

Mr. BELL. That is correct; yes, sir.

Senator KERR. Sir?

Mr. BELL. With the qualification, Senator, that not more than 12½ percent of the funds provided for pursuant to sections 5 and 6—that is to say, the grant provisions—could go to one State. There is no such——

Senator KERR. Well, then more than 12½ percent of the rest of it can go to one State.

Mr. BELL. With respect to projects under section 4; namely, the direct Federal activities, there is no geographical limitation written into the bill. But those programs, of course, are nationwide and are not particularly focused on any one area.

Senator KERR. I understand.

Mr. BELL. Right.

Senator KERR. But you know there is a slight possibility when, if we get a bill out of this committee and it goes to the floor, the Members of the Senate will look at it to see how it might affect their State.

Mr. BELL. Yes, sir.

Senator KERR. Sir?

Mr. BELL. I am sure that is right, Senator.

Senator KERR. Both as to the effect on preemption of unallocated balances and expenditures.

Mr. BELL. Yes, sir.

Senator KERR. Of course, this would be available for building airports.

Mr. BELL. It would; yes, sir.

Senator KERR. And development by port authorities.

Mr. BELL. Yes, sir.

Senator KERR. And under section 6, the Federal Government will pay up to 50 percent and, under section 7, loan the other 50 percent.

Mr. BELL. That is correct.

Senator KERR. Did you hear Senator Clark's testimony this morning?

Mr. BELL. I did; yes, sir.

Senator KERR. You heard him say that he would have very grave doubt as to the possibility of passing S. 2965, and therefore asked us to report out the Chavez amendment.

Mr. BELL. I heard him say that; yes, sir.

Senator KERR. What would be your response to that?

Mr. BELL. My response would be that the President would hope very much that both of these provisions could be enacted. Both of them are extremely important. They are aimed at somewhat different targets, as has been made plain by each witness; but both of them are aimed at important targets.

Senator KERR. Now, if I understand the Chavez amendment, it applies only to a limited part of the spectrum contemplated by S. 2965.

Mr. BELL. Geographically, the Chavez amendment would be limited to the areas now covered by the area redevelopment authority, plus those additional areas which have had substantial unemployment for a considerable period of time. And the areas that would be covered by ——

Senator KERR. Or which hereafter are covered by the area redevelopment, both.

Mr. BELL. Or which hereafter are to be covered by ARA.

Senator KERR. Now, is it your understanding with reference to that $600 million, that it would be divided within the areas where it could be spent between the projects outlined here in sections 4, 5, 6, and 7?

Mr. BELL. It would be, yes, sir; that is right.

Senator KERR. Or would it be limited in its utilization to area redevelopment programs?

Mr. BELL. No, sir. This $600 million would be allocated by the President among the programs indicated by sections 4, 5, 6, and 7 of this bill here.

Now, the Area Redevelopment Act does provide for grants in certain instances, and to that extent it would be one of the ongoing programs of Federal grants which could be augmented.

Senator KERR. It could be the beneficiary of this $600 million?

Mr. BELL. Yes, sir; precisely.

Senator KERR. But under the Chavez amendment, there is no such division of it as to the three different uses specified to be the beneficiaries of the $1,750 billion of the $2 billion in S. 2965?

Mr. BELL. If I understand you correctly, Senator, you are pointing out correctly that the $600 million is not, by the terms of the Chavez amendment, allocated among the different sections—4, 5, 6, and 7.

Senator KERR. It is available for the different sections.

Mr. BELL. That is right.

Senator KERR. But it could be all used under any one of them if the President saw fit.

Mr. BELL. Yes, sir; that is right. There is no provision similar to the proviso at the top of page 11.

Senator KERR. For instance, under the $2 billion maximum, there can be made available not to exceed $750 million to projects to be assisted under section 4 of the act, not to exceed $750 million for financing projects authorized to be assisted under sections 5 and 6, and not to exceed $250 million goes to projects authorized to be assisted under section 7; subject to the provision there that the additional $250 million can be allocated by the President to any one of the three.

Mr. BELL. That is right. There is no such provision in the Chavez amendment.

Senator KERR. Suppose that the majority of this committee feel that they can get together on a bill of less than the $2 billion, generally following the outline of the bill, to be used under Presidential proclamation in the public works acceleration period, and a section including the Chavez amendment; would you recommend that we get that out, or would you recommend that we follow the plan of—well, I guess you will understand what I mean—"whole hog or none"?

Mr. BELL. I would appreciate an opportunity to check that with the President, Senator. My guess is that he would be delighted if a step were made in the direction of this standby authority.

Senator KERR. Yes.

Mr. BELL. Because it is the principle of the thing that——

Senator KERR. Do you think that if the committee agreed with standby authority of less than $2 billion and limited it to a one-shot authorization and tightened it up with reference to the definitions of "local public body" and elimination of "nonprofit organizations," and be very specific about—that is, more limited—about where the money should come from, that that would be regarded as substantial progress?

Mr. BELL. I would so regard it, sir. As I say, before speaking for the administration——

Senator KERR. I understand.

Mr. BELL (continuing). I would want to check it with the President. But it sounds to me as if it would make a very strong forward

step toward the principle of giving the President this kind of authority to work with at the beginning of a recession.

Senator KERR. Fine.

Now, let the record reflect the full statement of the Director of the Bureau of the Budget; and also that the chairman is especially grateful to him for coming here and staying all day; and to Dr. Heller for spending the day here; and to the Secretary of Labor for the time that he spent.

(The full text of the statement of Mr. Bell follows:)

STATEMENT OF DAVID E. BELL, DIRECTOR OF THE BUREAU OF THE BUDGET

Mr. Chairman and members of the committee, I am happy to have the opportunity to testify in support of the President's proposals regarding accelerated capital improvements. I propose to discuss briefly three matters: first, how the proposals would be financed; second, how they would be administered; and, third, the availability of eligible projects.

My comments will be directed both to the standby capital improvements legislation, and to the President's recent proposal for an immediate acceleration of capital improvements programs in economically distressed areas.

1. FINANCING

The President's proposal for an immediate capital improvements program would be financed by a direct appropriation of $600 million. The Congress is now in session, and normal financing methods should prove fully satisfactory.

The proposed standby authority to accelerate capital improvements presents a different problem. The authority would not go into effect until some later time, and the amount of funds then needed would not be clear in advance. Moreover, when and if the standby legislation does go into effect, the Congress may not be in session to vote funds.

To meet these special problems, the President's standby bill would provide interim financing by authorizing the President, during any capital improvements acceleration period, to transfer unobligated balances of appropriations and other types of obligational authority up to a total of $2 billion.

The amounts of unobligated balances available for transfer differ according to the time within the fiscal year when such authority might be used, but at all times they far exceed $2 billion. In the fiscal year 1961, for example, the unobligated balances were reported at about $80 billion in December, almost $57 billion in March, and a little over $40 billion at the end of the year in June 1961. Not all of these amounts are equally appropriate for transfer, and the President, when the occasion arose, would, of course, transfer funds from those accounts least likely to have any immediate need for them.

The administration bill also authorizes appropriations to replace the balances which are used for the accelerated program. In considering such appropriations, of course, the Congress would review the need for such restorations, and if the accounts giving up the money did not require restoration, it could be denied.

In contrast to the financing provisions proposed by the President, another method has been suggested in S. 2817; namely, contract authorizations, which would permit starting the program to the extent of letting contracts. However, once the contracts or other obligations had been incurred, there would be no way to make payments on those obligations until Congress met and appropriated the money to liquidate them. This would be very awkward in the kind of program under discussion, where the emphasis is on rapid action, and inability to make progress payments on contracts, or payments on grants, or even salary payments to individuals, might seriously delay the start of the program. Hence, the principle of interim financing through transfers seems clearly preferable.

This principle is already in effect for several other types of contingent needs. For example, the Secretary of Defense is authorized to transfer substantial funds from any Defense appropriations when advantageous to the national defense, for such purposes as acceleration of missile programs or improvement of the readiness of the Armed Forces. The Secretary of Agriculture may transfer from any available funds in the Department sums necessary to meet "emergencies which threaten the livestock or poultry industries of the country." Funds for fighting forest fires may be borrowed temporarily from other Forest Service

appropriations when necessary. Similarly, the Secretary of the Interior may transfer funds within each Bureau or Office for the suppression or emergency prevention of forest or range fires. Such authorities provide ample precedent for the transfer authority proposed in S. 2965.

2. ADMINISTRATION

The legislation proposed by the President is intended in part to accelerate existing programs—both direct Federal work and grants to States and localities. Since staffs and procedures are already in being, reliance on the existing agencies is the quickest and most efficient way to plan and carry out such accelerated capital improvements, and this is the way we propose that the legislation would be administered if enacted.

One new element would be added by the proposed legislation. A number of types of State and local public works for which no Federal grant funds are now available would be made eligible for assistance under section 6 of S. 2965. Since this authority is similar to others now administered by the Housing and Home Finance Agency, the bill provides for its administration by that Agency.

Otherwise, the proposed capital improvements acceleration could be carried out with a minimum of new administrative machinery. The existing agencies of Government would carry out the functions they now have with respect to the planning and administration of the various kinds of capital improvements. One administrative addition would no doubt be appropriate. With respect to either the $600 million immediate authority, or the $2 billion standby authority, the President would undoubtedly wish to designate a single individual to assure prompt and effective execution of the total program. Under the President's present thinking, he would assign this responsibility to a member of the Cabinet, but he has not yet finally decided the matter.

3. ELIGIBLE PROJECTS

Under the President's proposals, the Federal projects and programs to be undertaken must have been already authorized through normal legislative channels. Only in the case of those State and local public works not now eligible for Federal grants, would S. 2965 authorize grants to any new kinds of projects and these would, of course, have to be undertaken by States and localities in accordance with their normal processes and procedures for review and authorization.

A very substantial inventory of eligible projects now exists, including construction and repair of public works, and nonstructural natural resources development work.

One important source of information is the agency reports of advance public works programs submitted annually to the Bureau of the Budget since 1943. Summaries made last year from advance programs submitted on the basis of the 1962 Budget, indicate that $1.1 billion of direct Federal construction on civil public works could have been started within 1 to 6 months and completed within the following 12 months. For the most part this work was already authorized, for such agencies as the Federal Aviation Agency, the Tennessee Valley Authority, the Forest Service, and the Corps of Engineers.

In addition to new starts, an estimated $8.7 billion of expenditures was reported to be necessary to complete civil public works put under way prior to 1962. Much of this work could be accelerated.

With respect to federally aided State and local public works programs, approximately $2.9 billion of expenditures were made in fiscal 1961 on Federal grant programs, with over $3 billion estimated for both 1962 and 1963. Most of these grant programs are authorized for some years in advance. Under State plans there are additional priority projects which could be started, if additional Federal funds were made available through the authority proposed in the legislation before the committee. These programs include grants for highways, airports, hospitals, and waste treatment works, among others.

It is difficult to estimate the backlog of State and local public works projects not now eligible for Federal grants, but which might be undertaken by State and local governments under the proposed legislation. One significant source could be the pipeline of public works plans financed by advances from the Housing and Home Finance Agency. At the end of January 1962, the estimated cost of construction, for which plans had been completed, totaled $2.5 billion. Almost two-thirds of these projects had not yet been started. Over half of the plans

were for sanitation and water facilities, most of which would be eligible under the time-for-completion requirement of the bill. Many other types of projects planned with this assistance would also qualify.

In addition to these public works, there are other types of capital improvements on which expenditures could be substantially increased, such as timber stand improvement, reforestation, range improvement, fire hazard reduction, soil and moisture conservation, and insect and disease control in the national forests and on public domain and Indian lands; similar types of cooperative forestry improvements with the States; and aid to States for improvements of wildlife facilities and wildlife habitat and fish hatcheries. If additional Federal funds were provided, these programs could be expanded substantially above present levels.

In summary, Mr. Chairman, we believe that our proposals for financing and administration of the proposed legislation, and the proposed arrangements for making use of projects and activities already authorized, will permit rapid, efficient, and effective execution of accelerated capital improvements programs if authorized by the Congress.

Senator KERR. Your full statement now having been made part of the record, if you would like to summarize it beyond the questions that I have asked you, you do that. I will be right back.

Mr. BELL. Thank you, sir.

Senator KERR. And then if I am not back in time, you gentlemen proceed to ask questions. I have got to make a phone call.

Mr. BELL. My statement, gentlemen of the committee, is directed principally to three points; first, how the proposed legislation, both types—both the original bill and the Chavez amendment—would be financed; second, how they would be administered; and, third, some comments on the availability of eligible projects, about which Senator Randolph was asking a while ago.

First with respect to financing, as has been made plain here, the $600 million program is proposed to be handled by a direct appropriation if the bill is enacted.

The proposed standby authority presents clearly a different problem from a financing standpoint. The authority would not go into effect until some later time. The amount of funds that would then be needed would not be clear in advance. Moreover, when and if the standby legislation did go into effect, the Congress might not be in session to vote the funds.

And consequently, because of these special problems, the standby bill provides for interim financing, which would authorize the President, during the capital improvements acceleration period, to transfer unobligated balances of appropriations and other types of obligational authority up to a total of $2 billion.

As I indicated to Senator Kerr, there is at all times a large quantity of unobligated balances on hand, far exceeding $2 billion.

For example, in the fiscal year 1961, the unobligated balances were about $80 billion in December, nearly $60 billion in March, and over $40 billion at the end of the fiscal year ended in June of 1961. There are large amounts of unobligated balances available.

Not all of these amounts, of course, would be equally appropriate for transfer, and the President, when the occasion arose, would obviously transfer funds from those accounts least likely to have any immediate need for them.

When funds had been used in this way by transfer, then, of course, appropriations would be presented to the Congress to replace those funds temporarily used by transfer; and at that point the Congress

would review the need for the restoration, and if the accounts giving up the money did not require restoration, then, of course, the Congress could deny it.

I would like to point out to the committee that this principle of using transfer funds is already in effect for several types of contingent needs. For example, the Secretary of Defense is authorized to transfer substantial funds from any defense appropriations, when advantageous to the national defense, for such purposes as acceleration of missile programs or improvement of the readiness of the Armed Forces.

Another illustration is the Secretary of Agriculture.

Senator PROUTY. Mr. Bell, may I interrupt at this point?

Is that not far different from what is proposed here?

Mr. BELL. In the sense that it is related to the national defense, it is different, but the financing——

Senator PROUTY. Not the remaining unused funds that would happen to be available for any agency or department?

Mr. BELL. It is limited to the funds that are available to the Department of Defense. But it is precisely the same authority in the sense that the Secretary of Defense can draw from any unobligated balances within the total that is available to Defense.

Another illustration outside of the Defense Department, the Secretary of Agriculture has now this same kind of transfer authority with respect to, and I quote, "emergencies which threaten the livestock or poultry industries of the country."

Senator PROUTY. That is within the field of agriculture specifically?

Mr. BELL. He has authority to transfer any available funds in the Agriculture Department for the purpose I indicated.

Another illustration: funds for fighting forest fires may be borrowed temporarily from other Forest Service appropriations, when necessary.

Another illustration: the Secretary of the Interior may transfer funds within the bureaus and offices of the Department of the Interior for use in preventing or suppressing forest or range fires.

Senator PROUTY. But that is a transfer of funds within a department.

Mr. BELL. In the latter case, it is within the bureau or the office. In the Secretary of Agriculture's case, it is the Department. In the Secretary of Defense's case, it is the Department.

All of these are precedents now in effect authorizing the kinds of transfer authority that are suggested in the standby bill.

With respect to the administration of the program, there are only a couple of points, I think, that are worth calling to the committee's attention.

The bulk of the activity which would be undertaken if the standby bill were called into effect is activity which is already underway; consequently, no new administrative machinery would be necessary.

One new kind of program would be authorized. We were discussing it a few minutes ago. These would be the grants to States or localities for types of public works which are not under any existing Federal grant program. And the bill puts authority to manage this aspect of the program into the Housing and Home Finance Agency, which, as you gentlemen know, has extensive relations now with the

States and localities, and is very familiar with handling this kind of a program.

Apart from that, there would be no significant new administrative authority provided by this bill.

There is only one additional point, I think, that is worth mentioning. If either the $600 million immediate program or the $2 billion standby authority came into effect, the President would undoubtedly wish to designate a single individual who would take responsibility for assuring prompt and effective execution of the entire program. Even though it were executed through the various departments, he would still want to look to one man to make sure that it was moving effectively, and so on. He thinks now he would probably assign this problem to a member of the Cabinet. But he has not finally decided that point.

Senator McNamara. Would this envision considerable additional staff?

Mr. Bell. No, sir. There would be some additional staff, clearly. The additional grants, for example, would be made only against projects, and they would have to be looked at. To the extent that we already have staffs in being which handle the various kinds of grant programs, the expertise that they have, the leadership that they have, could be applied to these additional and augmented efforts.

Senator McNamara. If somebody will get up on the floor in opposition to the bill and say, "Will this bill require that they hire 4,000 Government employees?" will we be correct in saying that it will be more like 100, rather than 4,000?

Mr. Bell. If I may, Senator, I want to run a careful check on this, and provide some figures for you.

Senator McNamara. We would like to be fortified with some figures when we go to the floor on the bill.

Mr. Bell. Let me see if I can give you a tighter range on that.

(The following was supplied subsequently:)

Under the proposed bill Federal employees would be required for (1) central coordination of the program, (2) advance planning for projects to be initiated when funds are made available under the standby authority, and (3) supervision and administration of the projects initiated under (*a*) the immediate capital improvements program or (*b*) the standby program. The first two categories would be relatively permanent employees, but some reductions in staff could be anticipated after the initial pipeline of pending projects was completed. The third category would be employees hired only during the period projects were underway and would of course fluctuate depending on the status of the projects themselves.

The number of Federal employees required under categories 1 and 2 in the preceding paragraph is estimated in the neighborhood of 200 employees Governmentwide.

The number of Federal employees required to provide supervision and administrative support for public works projects (category 3 in the preceding paragraph) varies considerably depending on the distribution of funds between Federal projects and State and local projects and, in the case of Federal projects, on whether the projects are carried out by contract with private companies, or by Federal force-account employees.

Your inquiry, as I understand it, refers to supervisory and administrative employees, not to force-account workers employed in actual construction of the project-increased employment of whom is a main purpose of the program.

If we compute the number of supervisory and administrative employees on force-account projects on the same basis as if the work were contracted out, and assume a distribution of funds between Federal projects and State and local projects in the immediate program roughly comparable to the distribution pro-

vided in the bill for the standby program, we estimate that the total number of employees required for supervisory and administrative support of projects initiated under the immediate program would be in the range of 500 to 800, and in the range of 2,000 to 3,000 under the standby program.

This low ratio of employees to funds—roughly one supervisory and administrative employee for each $1 million of funds to be spent—is made possible, of course, only because both the immediate and the standby programs would be carried out almost entirely by existing agencies, whose present staffs, procedures, and facilities would require only a minimum of additional employees and equipment to carry out the new programs.

Senator McNamara. I was just using these figures as an example of what we might meet in possible opposition on the floor.

Mr. Bell. That is a very relevant question. We should have done this already.

Finally, the question Senator Randolph was interested in, the Federal projects and programs which are undertaken must have been already authorized, with the one exception of these State and local public works.

We have some information, some considerable information, on the inventory of eligible projects. One important source of information is the annual summary of public works programs which is compiled by the Bureau of the Budget and has been so compiled every year since 1943. These are summaries of public works programs underway and planned for the next several years, and they are submitted to the Bureau each spring.

The submissions that have just come in to us have not been tabulated, but I have some figures based on the tabulations we made last year of the public works programs submitted on the basis of the 1962 budget. They showed that here was a little over $1 billion worth of direct Federal construction on civil public works which could have been started within 1 to 6 months and completed within the 12 months. That was the status a year ago. And the figures that we are now tabulating, I am sure, will show something like this as of today.

This work was authorized for a wide range of agencies, the Federal Aviation Agency, the TVA, Forest Service, Corps of Engineers, and others.

In addition to new starts, at that time nearly $9 billion of expenditures was reported to be necessary to complete civil public works, put underway prior to 1962, and a good deal of this work could be accelerated under the provisions of this legislation. Those figures refer to the direct Federal construction.

With respect to federally aided State and local public works programs, approxmately $3 billion of expenditures was made in fiscal 1961 for such programs. Over $3 billion is being made in fiscal 1962 and 1963. Most of these grant programs are authorized some years in advance.

Under State plans, there are additional priority projects which could be started if additional Federal funds were made available through the kind of authority that is here. And consequently, there is a good deal of room for increasing the amounts of work put under contract with respect to these various programs—highways, airports, hospitals, waste treatment works, and a lot of others.

Senator Randolph. Mr. Bell——

Mr. Bell. Yes, sir.

Senator RANDOLPH. I did not want to break in on your continuity, but I believe I have read that the American Municipal Association has compiled approximately $25 billion worth of State and local projects which they say could be programed. Do you have any knowledge of that figure? Is it something that is unreasonable?

Mr. BELL. I do not know that figure, Senator. And I would be a little doubtful of its relevance to the immediate problem here. Both the $600 million program and the $2 billion standby program are intended to achieve quick results.

Senator RANDOLPH. Yes.

Mr. BELL. Accordingly, the figures we want are figures which represent programs of public works which have been planned or are ready to go, or which could be completed with respect to planning in 6 months.

Senator RANDOLPH. I agree with the validity of your observation. You would say, then, there are $7 or $8 billion worth of projects?

Mr. BELL. There are clearly several billion dollars worth of works of a Federal nature, and an additional several billion dollars of a State and local nature.

I have one additional figure which is very significant, I think.

At the end of January 1962 the public works plans which have been completed that have been financed by advances from the Housing and Home Finance Agency under their special authority to finance public works planning totaled $2.5 billion. That is the cost of construction of works on which the planning had been completed and they were in standby status at the end of January of this year. Now, those works plainly are the knd of works that would be directly applicable to this program.

About half of these works were for sanitation and water facilities, most of which would be eligible under the provision that any work started under this bill would have to be capable of being completed within 12 months. So that this is an indication of the very large quantity of public works which is in fact in standby status at any given time.

Now, this inventory changes continually as some of these get to the stage of being put under construction, but additional planning is always underway.

So that I think it is clear that there are substantial local, State and Federal works which would be eligible for funding under the provisions of the main bill and of the Chavez amendment.

Senator MCNAMARA. You envision no problem coming up with immediate projects that could be covered?

Mr. BELL. There are lots of projects, Senator. I would hesitate to use the words "no problems."

Senator MCNAMARA. Oh, I am sure there is a problem in deciding which one should get priority.

Mr. BELL. That is right.

Senator MCNAMARA. And try to pin it within a comparative limit.

Mr. BELL. That is right. I would say clearly there is a large volume of works which could be immediately examined and much of it put into effect.

Senator MCNAMARA. Thank you very much. I think this was tremendously helpful information for the committee.

Senator PROUTY. Would the Senator yield?

Senator MCNAMARA. Go ahead.

Senator PROUTY. Mr. Bell, I am not sure I can be here in the morning. I have a few questions which I would like to ask. I think you can answer most of them "yes" or "no." I do not wish to delay you.

Mr. BELL. I will be glad to try to answer them, Senator.

Senator PROUTY. Is it not a fact that, if there is a recession or so-called public works acceleration period, the President may transfer unobligated balances of appropriations, contract authorizations, revolving funds, and so forth, and use them to the extent of $2 billion?

Mr. BELL. Yes, sir.

In other words, he might very well say that he would apply a standard of financial competence or financial capability; in the States which had a certain degree of financial ability as measured by their current economic circumstances, he would put the Federal grant up to 40 percent, and for States which were worse off that that as measured by some financial standard he might raise it to 45, and so on.

It seems to me, Senator, that it would be utterly unlikely that any President would attempt to exercise a kind of an arbitrary hit-or-miss decisionmaking power in this connection. This is, of course, a matter of judgment and opinion, and I want to put that in the record, that is all.

Senator PROUTY. It seems to me if the bill as presently drafted were enacted, it would be possible for the President to exercise almost unlimited authority in the program.

Is it not also true that, as to the $600 million which will be made available immediately for public works, the President, if he so desires, may require the State or local area to put up no money at all and the public works project could be 100 percent federally financed, even though it has never been authorized by Congress?

Mr. BELL. If, as the Chavez amendment says, the President determines that an area suffering unusual economic distress—and it identifies the meaning of that term—does not have economic and financial capacity to assume the additional financial obligations; in other words, this is clearly intended not to apply generally but only in especially difficult circumstances, and the President would have to make a specific determination which obviously could be reviewed by the Congress in any case where he chose to make use of this authority.

Senator PROUTY. Well, the President could spend a great deal of money which had never been authorized by Congress.

Mr. BELL. He could not spend any money, Senator, that had not been authorized by Congress.

Senator PROUTY. I mean under this bill.

Mr. BELL. If this bill were passed, this would authorize him to spend money.

Senator PROUTY. Well, Congress would not have anything to say about the program.

Mr. BELL. Well, I do not want to go over the ground we covered, but clearly with respect to Federal projects the President could not spend any money except on projects or activities that had been authorized by the Congress.

With respect to the regular grant programs, hospitals, highways, airports, and so on, he could spend money only on those things and

under those terms and conditions which the law lays down, the regular authorizing legislation that the Congress has passed.

The only new element is section 6, which authorizes him to grant funds for types of local and State public works for which there does not now exist a Federal authorizing statute. To that extent he would have new authority; new authorization for projects is carried in this bill here.

Senator PROUTY. Thank you. I just have one question to ask Dr. Heller.

Doctor, what do you anticipate now the deficit will be for the current fiscal year, or fiscal 1962?

Senator PROUTY. Is it not true, also, that the funds which are depleted or used for public works will have to be restored by Congress if such action handicaps the programs for which the funds were approved?

Mr. BELL. Yes, sir; that is correct.

Senator PROUTY. Is it not a fact that, as to the purely Federal projects, the President may assign his own priority and select those districts or States in which the projects will be constructed?

Mr. BELL. With the qualification, Senator, that under the terms of the bill he can start only those projects which have been authorized, and consequently the Congress must previously have specifically authorized the projects under the normal procedures for the program in question.

As you know, in some programs the projects are authorized individually by name, after the Congress has considered them. In other programs, the Congress will authorize a class of projects or a total volume of projects.

In any event, all of them, under the terms of this legislation, must have been authorized under the normal methods that the Congress uses before the President could start any of them under the terms of this legislation. In other words, this legislation is a piece of financing legislation so far as the Federal projects are concerned, rather than a piece of authorizing legislation in the normal sense.

Senator PROUTY. Yes.

Mr. BELL. Is that responsive to your question?

Senator PROUTY. Yes.

Is it not true, also, that in making grants to the States the President may set the Federal contribution rate up to 50 percent and in dealing with the States the executive branch will be the sole judge as to what the rate of contribution shall be?

Mr. BELL. Under the standby authority of the main bill—S. 2965—it would be possible for the President to set the contribution rate up to 50 percent. Under the Chavez amendment, he could under certain conditions that are indicated there——

Senator PROUTY. I will ask about that later.

Mr. BELL. It could go higher than 50 percent.

Senator PROUTY. Is it not also true that——

Mr. BELL. Senator, perhaps I should say a word about that previous question.

Senator PROUTY. Surely.

Mr. BELL. I take it the question related to whether a President, using this act, could apply some kind of political standards in decid-

ing what rate of contribution to require from a State or municipality within the discretion that he would have under this act?

Senator PROUTY. But it also might be possible for any President to exercise his powers under this act for political advantage.

Mr. BELL. The point I would like to put into the record on this is that, with the vigilance which the Congress normally exercises, I should think that a President, whoever he were, would find it necessary to apply a standard other than a political standard in deciding the extent of contribution that he would require from different States and different localities.

Dr. HELLER. I think this is a question for the Bureau of the Budget, sir.

Mr. BELL. The present fiscal year, the 1962 fiscal year ending on June 30, 1962?

Senator PROUTY. Yes.

Mr. BELL. The figure is almost precisely $7 billion, I believe.

Senator PROUTY. What do you anticipate for fiscal 1963?

Mr. BELL. Well, under the economic assumptions that are laid down under the budget message, we do not expect a deficit, but a slight surplus in 1963.

Senator PROUTY. Do you agree with that, Dr. Heller? I know it is pretty difficult to answer that kind of question.

Dr. HELLER. As Mr. Bell said, under this economic outlook, yes, there is a slight surplus in the administrative budget for fiscal 1963.

Senator PROUTY. That is all, Mr. Chairman.

Senator KERR. The committee will recess until 10 o'clock in the morning. Thank you very much, gentlemen.

(Whereupon, at 5:40 p.m., the committee recessed, to reconvene at 10 a.m. Friday, April 13, 1962.)

82976—62——10

PUBLIC WORKS ACCELERATION

FRIDAY, APRIL 13, 1962

U.S. SENATE,
COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 4200, New Senate Office Building, Senator Robert S. Kerr presiding.

Present: Senators Chavez (chairman), Kerr, McNamara, Gruening, Long of Hawaii, Smith, Cooper, Fong, and Miller.

Senator FONG (presiding). Will the committee please come to order?

At the request of Senator Chavez, I have been asked to chair the meeting in the absence of Senator Kerr.

Senator Williams, we are glad to have you here with us.

Proceed.

STATEMENT OF HON. HARRISON A. WILLIAMS, JR., A U.S. SENATOR FROM THE STATE OF NEW JERSEY

Senator WILLIAMS. Mr. Chairman, I appreciate this opportunity to appear before this committee to support Senator Clark's public works acceleration proposal and the administration's amendment, offered by the distinguished chairman of this committee, implementing the administration's proposals to offer immediate aid to certain designated areas.

Mr. Chairman, I would like to say I have supported in the past and fully support today Senator Clark's proposal for adding to our Nation's investment in public facilities, at the same time we are dealing concretely and realistically with the threat of unemployment. My purpose in appearing before the committee today, however, is to discuss some of the consequences of the administration's amendment to the Clark bill which will have a very real importance for the State which I represent.

President Kennedy himself gave a concise description of the need for this program in his letter on March 26. I would like to repeat one paragraph at this time because I think this paragraph is very descriptive of the New Jersey situation.

Mr. Chairman. I do not want to read the full statement. If I could put that statement in the record and summarize some of the areas of our State that would be substantially aided by this program.

Senator FONG. Your statement will be accepted.

(The complete statement of Senator Harrison Williams is as follows:)

STATEMENT BY HON. HARRISON A. WILLIAMS

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Mr. Chairman, I would like to say I have supported in the past and fully support today Senator Clark's proposal for adding to our Nation's investment in public facilities, at the same time we are dealing concretely and realistically with the threat of unemployment. My purpose in appearing before the committee today, however, is to discuss some of the consequences of the administration's amendment to the Clark bill which will have a very real importance for the State which I represent.

President Kennedy himself gave a concise description of the need for this program in his letter on March 26. I'd like to repeat one paragraph at this time because I think this paragraph is very descriptive of the New Jersey situation.

"Although we do not today face a problem of general recession, the two recessions of the last 5 years—interrupted only by a short and incomplete recovery—have left in their wake serious problems of prolonged large-scale unemployment and economic distress in hundreds of communities in all sections of the country. The roster of these communities includes large cities, small cities, and rural areas. The causes of their troubles are manifold—exodus of industry, displacement of labor by technological change, excessive dependence on declining industries, influx of jobseekers, changing weapons requirements in military procurement, and chronic rural poverty. Whatever the cause, the results are the same—high and persistent urban unemployment or rural underemployment. Continued economic expansion for the Nation as a whole will in time help to restore the prosperity of many of these areas. But their needs are urgent now, and further help should not be delayed until another recession threatens the whole economy."

As I've said these conditions are similar to those faced in some areas of New Jersey, but the Garden State is faced by two conditions that make the proposed program uniquely timely and applicable.

1. New Jersey was among the most hard hit of States by last month's storm and flooding.

2. Many of the areas most affected by the storm damage are already classified as eligible for Area Redevelopment Administration assistance.

In other words, the flood damage has also occurred at a time when communities in New Jersey were working with ARA to develop overall economic development plans. As you know, those plans include proposals for public works projects, and I think that these proposals are particularly significant when we consider the potential effects of the President's proposed public facilities programs.

Some of these projects, as outlined in the overall economic development programs, will qualify for assistance under the Redevelopment Act or other Federal legislation. A large number will not qualify since they do not contribute directly to industrial and commercial projects financed under other sections of the Redevelopment Act. Yet these projects might be integral parts of a total attack on the problems of local economic and community development. Not only that, they could help contribute toward long-range development of areas now trying to rebuild after extensive flood damage.

Let's look at the six counties designated as redevelopment areas in New Jersey: Passaic, Monmouth, Ocean, Atlantic, Cumberland, and Cape May. OEDPS have been received for all except Monmouth and Passaic. Projects included in the OEDPS received for New Jersey cover highway improvements, airport improvements, sewerage and pollution control, water supply, drainage control, and mosquito control.

I'd like to give a few typical examples of possible public works projects selected from overall OEDPS in New Jersey.

Lakewood-Toms River Area (Ocean County)

Highway improvements.—The addition of approximately 65 miles of new construction, together with dualization and future widening of approximately 110 miles of existing highways would probably stimulate the economic activity in the county. Realistically this must be viewed as a State highway department proposal and is included in the State of New Jersey highway program scheduled

for completion in 1975. Additional aid now could speed up this timetable and the expected economic benefits.

Airport improvements.—Three privately owned second class landing fields are within the county, but do not contribute to the public transportation system. The expected growth of the county will soon require a municipal airport to meet this need.

Public facilities improvements.—Several areas of the county are inadequately served by private water and private sewerage disposal facilities. This necessitates the development of public sewerage and water systems to correct this condition and to assist in making the area generally attractive to new enterprises and a pleasant place to work and live.

Drainage improvements.—The marine tidal marsh areas of the county are areas of exceedingly poor drainage and the construction of embankments is needed to improve the economic potential of these areas.

Southern area (Atlantic, Cumberland, and Cape May Counties)

Highway improvements.—Transportation presents a serious problem to economic development. Expressways are needed. As an example, Cumberland County is the only county in New Jersey which does not possess a four-lane highway.

Mosquito control program.—A mosquito control project has already begun in Cumberland County under a county and State program, but greater assistance is required if overall goals are to be achieved.

Public facilities improvements.—Public sewerage and water systems are needed to adequately serve the three county area.

Now, as I've tried to indicate, this is not a full or detailed listing, and all of these projects would not necessarily be undertaken under the proposed public facilities program. But the list gives, I believe, a valuable indication of the potential usefulness of this program in one area.

There is also very good reason, I believe, to investigate the possibility of using the proposed public facility funds for developing a buffer strip on our coastline in those areas where such a strip is feasible. This is an obvious public facility; it would fulfill an obvious need. It is my understanding that Governor Hughes plans to investigate this possibility at an early date.

POTENTIAL USE IN OTHER AREAS

The proposed program would also be useful in at least five other areas of New Jersey, where "substantial unemployment prevails." This includes Camden, Burlington, Gloucester, Morris, Essex, and Union Counties. There are many uses to which this program could be put in these areas. Some idea of its potential use can be derived from a brief look at the nature of the existing applications in these counties. I have received the following information from the New Jersey Department of Conservation and Economic Development. In the past 2 years there have been 14 applications for planning grants for a total estimated project cost of about $35 to $40 million. The projects include such basic community facilities as school buildings, waterplants, sewerage plants, and administration buildings.

Senator WILLIAMS. Thank you.

In our State, we have, right now—we are experiencing two severe hardships. We not only have many areas of substantial unemployment, but many of these areas have recently been hit by the disaster of a very serious storm.

We feel that this kind of program can be of substantial help in areas already designated as areas for redevelopment. We have six or seven areas that have already qualified and overall economic development programs are being developed in some of these areas.

I would like, Mr. Chairman, just to review some of the possibilities in some of the areas that have been both hit by the storm and have been hit by persistent and continued unemployment. For example, in Ocean County, in the Lakewood-Toms River area, we know that we can stimulate new and healthy economic growth with planning of certain improved public facilities. For example, water, we know,

is one of the major factors in economic growth and development. In this area, there are private wated companies whose present capacity is not up to the point where it can help to stimulated economic activity.

The area is served by inadequate highways for new and expected growth. We also know that in transportation, there are two or three small airports and with the growth we hope we can stimulate, the area will need a new municipal airport.

Drainage is a problem in this area because of the marine tidal marsh, and we feel that construction of embankments and other things can help in this area, too. So in terms of highways and public utilities such as sewage disposal and water and drainage—these are some of the things that could fit within the program and could be of material help to an area that has suffered economic hardship and still suffers economic hardship.

Over along the coast, in Atlantic and Cape May Counties, here, transportation again. The present systems of transportation are obstacles to healthy development and growth. Here highways can be developed that will be useful. We have, over on the coastline a most difficult to control problem and also inadequate public sewage and water systems there too.

These two could fit within the boundaries of this legislation.

The proposed program would also be useful in at least five other areas of New Jersey where there is substantial unemployment. These areas include Camden, Burlington, Gloucester, Morris, and Essex Counties.

To reiterate, finally, we have throughout these areas of depresssion, unemployment. The communities are developing programs and with the ARA and with this measure, we think that areas that are suffering can be substantially improved.

I appreciate again the opportunity to talk to the committee.

Senator KERR (presiding). Thank you very much, Senator, for your contribution to this hearing. As I look at that map over there, I am not quite sure I can identify the figure that is associated with your statement.

Senator WILLIAMS. Six percent.

Senator KERR. The rate of insured unemployed in New Jersey, and according to the evidence of the Secretary yesterday, that represents about three-fifths of the total unemployed, which would mean that if New Jersey is the same as the national average, you would have an overall unemployed rate of approximately 10 percent. Are you in a position to tell the committee if that is somewhat near the accurate figure for New Jersey?

Senator WILLIAMS. In some areas, unemployment exceeds that. I know in the coastal areas it has run quite a bit beyond 10 percent. Recently, two industrial areas to the north were added to the list of areas of substantial unemployment. While I do not know the exact figure, I would think that it would be approaching that 10 percent; yes, sir.

Senator KERR. Thank you very much.

I believe that there is a representative of the Secretary of Labor here to make a statement to us.

STATEMENT OF SAMUEL V. MERRICK, SPECIAL ASSISTANT TO THE SECRETARY OF LABOR

Mr. MERRICK. That is true, Mr. Chairman. I am Samuel Merrick, Mr. Goldberg's special assistant, and the Secretary is a little tied up this morning with affairs that I am sure all of you can understand.

Senator KERR. Well, we might surmise.

Mr. MERRICK. He expressed his views that he had really completed his testimony, but I know that Senator Prouty, at least, said yesterday he had some questions.

Senator KERR. You tell the Secretary we appreciate the position he is in. If the committee desires his further attendance the first of the week, we will notify him. It might be that the Senators that want to ask questions of him can do so by written form, but if any member of the committee desires his being here, we will work out a time that will be convenient for him.

Mr. MERRICK. Thank you very much, Mr. Chairman. After the next two witnesses, we—myself and our experts—will stay in the committee room.

Senator KERR. You and your other experts?

Mr. MERRICKS. That perhaps I should not have said. I will give the expertise to the others.

Senator KERR. Very well. Thank you.

Senator COOPER. I would like to make a statement if I can. I would like the record to show that it has not been possible for me to be here at the hearings thus far because the Committee on Agriculture has been in executive session at the exact time this committee has been in session. We have been voting on the agriculture bill and I thought I should be there. I think the committee is familiar with the mysteries and difficulties of the problem.

Senator KERR. Their gain has been our loss. But we are happy to have you here today, Senator.

Senator COOPER. You probably announced it, but may I ask how long these hearings will be continued?

Senator KERR. It is our hope we will conclude them today unless the members would want Secretary Goldberg to return Monday.

Senator COOPER. May I also ask about the time for executive consideration?

Senator KERR. It is our hope we can do that Monday. In the event we do not complete the hearings today we will try to do so Monday and have these executive hearings on Monday.

Senator COOPER. I will have to go back to the Agriculture Committee, because they are voting. May I leave the Senator a list of questions and ask that they be asked?

Senator KERR. Sure.

There will be inserted in the record at this point a statement by Senator Hubert Humphrey and Senator Eugene J. McCarthy.

(The statements referred to follow:)

STATEMENT BY HON. HUBERT H. HUMPHREY, A U.S. SENATOR FROM THE STATE OF MINNESOTA

I appreciate the opportunity to testify in support of legislation being considered by this committee to provide standby authority to accelerate the public works programs of the Federal Government and the State and local public bodies.

I am pleased to see that this committee is giving such prompt consideration to the bill (S. 2817) which I offered earlier this year on behalf of myself and Senator McCarthy to provide an additional $2 million in Federal funds for various public works projects to be used in periods of rising unemployment.

I am also proud to be a cosponsor of Senator Clark's bill (S. 2965) also being considered by this committee, which carries out the administration's proposals and is quite similar to my own bill.

I wish also to endorse strongly the recent request of President Kennedy to authorize the immediate undertaking of a $600 million capital improvements program for those sections of the country which have failed to share fully in the economic gains of the recovery from the recession. I regret that many areas of my own State of Minnesota must be included among those areas which, so far, have not shared in this recovery. Legislation to carry out the President's proposal has been proposed by Senator Chavez and I urge that it be promptly approved.

Within the week, the U.S. Department of Labor has announced that unemployment in the civilian labor force declined during March by only 160,000. In February 5.6 percent of the total civilian work force was unemployed. The corresponding seasonally adjusted figure for March remained at 5.5 percent, a difference not statistically significant.

This is a substantial improvement over a year ago, when the unemployment rate was 6.8 percent. However, 4.4 million workers remain unemployed. Over the year the labor force has declined in number by over 300,000, when it should have grown. Part-time unemployment continues high. The Joint Economic Committee, in its annual review of the President's Economic Report, dated March 6, 1962, states that almost 8 percent of available workers were without jobs in January 1962 if we include part-time unemployment and the deficiency in the labor force.

Perhaps the most significant figure in the March report on employment and unemployment was the number of long-term unemployed. The number of workers without work for 15 weeks or more rose by over 50,000 and now numbers nearly 1.5 million. Those unemployed 27 weeks or more rose by 31,000 to 734,000, nearly three-quarters of a million. Although both categories show improvement over March of 1961, neither figure gives us any reason to be satisfied with the very limited degree of recovery in jobs. The outlook, based on the February to March trend, is frightening. Something must be done to provide work now.

We are coming to realize that we must measure growth in the economy not only in dollar terms, in a larger gross national product, but in human terms, in increasing opportunities for all to share in and contribute to a growing prosperity. Since 1957 better than 1 worker in 20 has not been able to contribute through unemployment and has not been able to share in the gains of America's productive growth. We are all the losers from this, but it is the unemployed and their families who suffer poverty in the midst of plenty. You cannot continue for long to have unemployed men without also having unemployed machines. When the incomes of working people shrink, the profits of business dry up.

The measures we are considering today are complementary to measures we have already taken to help reduce unemployment. We have enacted the Area Redevelopment Act. This long-range program to rehabilitate chronically distressed areas is underway. But in the meanwhile, both within and without these distressed areas are workers needing jobs now. Action is needed to bridge this gap.

Likewise we have acted to provide long-range assistance to the unemployed through the Manpower Retraining Act. But training for new jobs is futile unless new jobs are available. Again we need to do something now to provide work.

The Employment Act of 1946 commits the Federal Government to the use of measures required to promote maximum employment, production, and purchasing power. Among the measures contemplated by this act was the use of Government funds to provide jobs on public works. This has both a short-range and a long-range aspect. S. 2965, if amended as suggested by President Kennedy and proposed by Senator Chavez, would go far to reduce unemployment and speed the recovery from the recession of 1960–61. It would also provide weapons with which to attach the growing threat of economic stagnation as well as any future recession.

It is of the utmost importance that the amendments proposed by Senator Chavez be included in S. 2965. It is no longer a standby proposal we are con-

sidering. There is need for an immediate public works program. The President's letter of March 26 has stressed the need to take action to help end the high and persistent unemployment existing in hundreds of communities in all sections of the country in the wake of the two recessions of the last 5 years. These communities include larger cities, smaller cities, and rural areas. The causes of this unemployment are many—industry leaving the area, displacement of labor by technological change, excessive dependence on declining industries, influx of jobseekers, changing requirements of military procurement, and chronic rural poverty.

One can obtain some measure of the problem by considering that 852 localities have been designated as redevelopment areas under the Area Redevelopment Act of 1961. Another 106 communities have been designated for a year or more as areas of substantial unemployment. No less than 38 percent of our population lives in these 958 communities.

Over the long run the measures we have already taken may be expected to attract new and permanent jobs to many of these areas and provide the necessary training of the unemployed and new workers entering the labor force each year to fill these jobs. But these measures are not primarily designed to provide immediate relief of the distress caused by unemployment, or to assist in the general rehabilitation and improvement of the public facilities of these areas.

A further Federal effort is required. This should provide immediate useful work for the unemployed. Under Senator Chavez' proposal $600 million would be authorized to provide employment on public works between now and the end of calendar 1963. In addition, through improvement of their public facilities, these and other hard-pressed communities would become better places to live and work.

These funds would be allocated for Federal capital improvements and for grants and loans to States and localities for the improvement of community facilities. Federal grants to States and localities would range up to 50 percent of the cost of each project, even higher in certain exceptional instances.

As the emphasis is on immediate employment, projects under this program would be limited to those which could be initiated or accelerated within a reasonably short period of time and which could be completed within 12 months after initiation. In addition to meeting an essential public need, such projects must contribute significantly to the reduction of unemployment and not be in conflict with other locally approved development plans.

Examples of the types of Federal projects under this program would be conservation of our public land, water, timber, fish and wildlife resources, and the construction of public buildings, laboratories, research facilities and training facilities.

Eligible State and local capital improvements would include such projects as water supply improvement; parks and other recreational development; sewerage systems; water pollution control; the construction, rehabilitation, and modernization of public buildings, such as hospitals, city halls, courthouses, and county office buildings; and road, street, airfield, and port improvement.

One can obtain some idea of the need for such a program if one considers the situation in my own State of Minnesota. Minnesota has shared in the recovery from the recession of 1960–61. In February 1961 the unemployed in Minnesota numbered 139,000. In February of this year the number had fallen to 114,000. Yet in both years unemployment as a percentage of the labor force in Minnesota was above the national average. It was 10.3 percent in 1961; 8.2 percent in 1962. Even in St. Paul, where the employment situation is comparatively bright, there were well over 11,000 workers seeking work in February of this year or 6.3 percent of the labor force; well above the national level.

In the Duluth-Superior labor market area, which includes the city of Duluth and surrounding areas, the unemployment rate in February was 17.2 percent. Eight thousand workers were out of work. In addition to this major area, the areas of Brainerd, Grand Rapids, Hibbing-Virginia, Alexandria, Bagley, Bemidji, Park Rapids, Pine City, and Roseau were classed by the Bureau of Employment Security of the U.S. Department of Labor as depressed areas.

What would the proposed program do toward creating jobs? The Bureau of Labor Statistics studies on the labor requirements in highway construction in 1958 and school construction in 1959 may be used to obtain a rough measure of the job-providing effects of public works in general. Allowing for improvements in productivity and changes in prices since these dates, every $1,000 spent today on public works provides about 200 man-hours of employment, about 40 percent

of them on the jobsite and 60 percent elsewhere. This means on the average, 1 man-year of work for every $10,000 expended. This $1 million public works project will keep about 100 men employed for a year.

While it is difficult to generalize about the types of work provided, from 25 to 30 percent of the jobs on the site of public works are unskilled. Substantial numbers of unskilled and semiskilled workers are also employed in offsite work connected with such construction. As we are all aware, one of the great problems we have found in placing the unemployed is to find jobs for the unskilled and semiskilled.

If we consider the program put forth by S. 2965 as a whole, we find that if as contemplated, it is put into effect and carried out within the year, the $2 billion in Federal funds would call forth an additional expenditure in matching funds from State and local sources to make a total of $2½ billion spent in public works. The direct result would be to provide 100,000 onsite jobs and 150,000 offsite jobs. The expenditures by these workers for the purchase of goods and services would spread through the economy, creating an additional 375,000 jobs in consumer industries and retail and wholesale trade. In all, the increase in employment in a year would be approximately 625,000 jobs. This would go far to wipe out the lingering effects of the recession in those communities hardest hit by unemployment.

Turning to the longer range aspects of the public works program, I feel that here I should mention to the committee one difference between S. 2965 and S. 2817, the bill introduced by Senator McCarthy and myself.

The question has arisen whether such a program as that we are considering could even be undertaken, let alone completed, within a year. Some very respectable critics, including some who should have known better, have ventured the opinion that the resulting projects would be better termed "leaf raking" than "public works."

The facts are that no difficulty should be encountered in finding worthy public construction programs that can be undertaken without delay. Scores of Federal projects, such as the construction and repair of Federal buildings and facilities could be started. More important, the Bureau of the Census conducted a survey of the public construction plans of State and local governments which was published in December of 1960. This survey showed over 88,000 construction projects for which all planning action necessary for starting work would be completed by December 1961. The estimated cost of these projects was in excess of $21 billion. The work is there. The men are there. The problem is to provide the funds.

There is one aspect of this problem of planning to which I wish to address myself, however. We are fortunate to find such a backlog of plans available. But if we are to make a program of standby public works a part of our arsenal of weapons to fight future recessions, we should take steps now to establish such a program on a permanent basis.

To this end, I believe the provision in S. 2817, to establish an Office of Public Works Coordination and Acceleration should be adopted. This Office, which would be independent of the departments and agencies of the Federal Government, would be headed by a Director, appointed by the President, with the advice and consent of the Senate, and responsible to the President. This Office would be responsible for the coordination and development of policies for the construction of public works in the United States. It would develop and keep current a plan for public works construction and see that the necessary planning of such public works would be made for the future. By keeping informed of the status of public works throughout the country, it would be ready, when need arose, to make allocations during any acceleration period of funds for Federal construction and for grants-in-aid to State and local governments for public works at increased levels.

The time for action, both for the short range and the long, is now. We should set in motion an immediate program to put men back to work. We should establish a program to plan for future needs for such programs. For over 30 years economists have advocated the principle of standby public works as a countercyclical force against recessions. Such a program has never been given a fair trial. We have here an opportunity not only to provide work but to test out a weapon to add to our arsenal against future recessions.

I hope the committee will act soon and favorably to report out the program which the President has outlined.

STATEMENT OF HON. EUGENE J. MCCARTHY, A U.S. SENATOR FROM THE STATE OF MINNESOTA

Mr. Chairman, I have joined my colleague from Minnesota, Senator Humphrey, in sponsoring S. 2817, and I appreciate the opportunity to present a statement in support of the measure at the hearings being conducted by the Committee on Public Works.

The broad purpose of the bill is to give the President one of the important tools required to offset the effects of recessions and unemployment. It provides for the establishment of an Office of Public Works Coordination and Acceleration which will have the responsibility for preparing and keeping current a public works plan to accelerate construction of public works necessary to increase employment and to stabilize the economy.

The bill does not give authority for any new public works programs. Its purpose is to speed construction of projects already approved by Congress through prior legislation. It provides that up to an additional $2 billion can be used to finance approved public works when this acceleration is necessary to alleviate unemployment.

The funds made available would have important antirecessionary effects, but they would also contribute to better roads, parks, hospitals, community facilities and other useful projects.

The national policy for maintaining employment was set forth by the Congress in the Employment Act of 1946. That measure states:

"The Congress declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power" (sec. 2).

In recent years the Congress has taken a number of steps to assist in attaining this objective, but despite these efforts unemployment remains one of our most serious and persistent domestic problems. In March of this year 4.4 million citizens were unemployed and the rate of unemployment, seasonally adjusted, was 5.5 percent. There were 1.5 million who had been unemployed 15 weeks or more, 700,000 persons had been looking for work for over 6 months, and this number was almost the same as a year ago when the total unemployed was 5.5 million persons. In addition in March there were 2.3 million nonfarm workers who were on a part-time basis because of economic conditions.

The periodic recessions we have experienced in the postwar years have shown the inadequacy of measures to maintain high employment and to reduce the economic and social hardships which accompany unemployment.

In 1959 and 1960 the Special Senate Committee on Unemployment Problems, of which I was chairman, made an extensive study of the causes and types of unemployment and of the public and private measures needed to meet the problems.

The committee findings showed that unemployment is a highly complex problem and that a variety of programs are required to reduce unemployment and to alleviate the suffering which accompanies it. I ask that the conclusions and recommendations of the majority of the Committee on Unemployment Problems be placed in the record.

"CHAPTER IX—MAJOR CONCLUSIONS AND RECOMMENDATIONS

"The Committee on Unemployment Problems was directed by the Senate to study unemployment conditions in the United States and to recommend ways of reducing unemployment and alleviating its effects.

"CONCLUSIONS

"The committee concludes:

"1. Unemployment is a serious and continuing problem. Five percent or more of the labor force has been unemployed in 26 of the past 28 months. In some areas of chronic unemployment, the rate has exceeded 25 percent. Under-

employment and 'hidden' employment, which are not measured in current unemployment statistics, would increase the total.

"2. The greatest cost of unemployment is in the suffering of individuals and their families. Present systems of unemployment insurance and general assistance are inadequate to relieve this suffering.

"3. Unemployment is costly also in the loss of potential production. If 1 million additional persons had been employed annually in the past decade, the gross national product would have been increased by an estimated $70 billion. The need to make full use of our manpower resources becomes more urgent as a consequence of the economic challenge of the Soviet Union.

"4. The problem of unemployment will assume far greater proportions in the next 10 years unless decisive action is taken. After each of the last three recessions the rate of unemployment was higher than it had been before the recession. In the next decade the number of youths entering the labor market will increase by 46 percent. Dislocations caused by automation and technological change will increase. A sharp increase in unemployment will take place unless private and public measures are taken to absorb the increased manpower.

"5. Unemployment is a national problem resulting from complex forces, most of them national in origin. Every section of the country has suffered from the effects of unemployment and the decreased purchasing power of the unemployed. Local communities with the highest rates are often those with the fewest tax resources. The unemployed are anxious to find work, and local communities have made extraordinary efforts to create jobs, but community leaders in the distressed areas are in agreement on the need for national assistance.

"6. Unemployment has no single cause nor single remedy. Unemployment may be cyclical, structural, or frictional. The extent of cyclical unemployment varies with the state of the economy. Structural unemployment is largely a problem of distressed urban areas and rural areas with large numbers of underemployed workers. Some frictional unemployment, or unemployment between jobs, appears inevitable but can be reduced by administrative measures.

"7. 'Class' rather than 'mass' unemployment has characterized the past decade. Unemployment is highest for young people, older workers, nonwhites, women, the unskilled, and the least educated. Improved vocational training and retraining programs are needed to help these groups.

"8. High rates of unemployment are not a necessary part of the private enterprise system. Unemployment can be reduced by reasonable private and public policies, as demonstrated by the experience of Great Britain, Sweden, Norway, Finland, the Netherlands, Switzerland, and France. The unemployment rates in these countries are considerably lower than those in the United States.

"9. The reduction of unemployment and underemployment requires an increase in the rate of national economic growth. Fiscal, budgetary, and monetary policies are important elements in the achievement of a higher growth rate.

"RECOMMENDATIONS

"Since the committee is not empowered to report legislation, its recommendations have been made in general terms. The committee has attempted to point out areas needing attention and to suggest attainable standards. The members are not necessarily committed to all details of the specific proposals.

"*1. Increased rate of growth and maximum employment*

"The committee recommends:

"(*a*) Increased emphasis on the objective of 'maximum employment' set forth in the Employment Act of 1946 in the formation of national policy.

"(*b*) Policies to attain a rate of national economic growth high enough to provide employment opportunities for the nearly 4 million men and women now unemployed and the 26 million young people who will enter the labor force in the next decade. Recommendations for promoting this economic growth were made by the Joint Economic Committee in its report on 'Employment Growth and Price Levels,' published earlier this year. Among those recommendations were the following: (1) Monetary policies to permit the money supply to expand in line with the growth in total output, (2) measures to reduce fluctuations in defense orders, (3) Federal aid to education in order to improve the quantity and quality of education required for a more productive labor force (4) reform of the Federal tax system, and (5) improvement of our foreign trade position.

"2. *Assistance to distressed areas*

"The committee recommends that:

"(*a*) Highest priority be given to the enactment of an effective area redevelopment program.

"(*b*) A coal research and development agency be established as a step toward restoration of a strong economy in the coal regions of the Nation.

"(*c*) A tax program be developed to provide concessions to plants locating or expanding in distressed areas.

"(*d*) Federal agencies concerned with programs affecting forests, water resources, roads, and community facilities give special attention to the needs of distressed areas to help restore their capacity for achieving economic health.

"3. *Establishment of national standards for unemployment insurance*

"The committee recommends the establishment of minimum national standards for unemployment insurance systems. The committee believes that revision of the program should include the following provisions:

"(*a*) Removal of restrictions on coverage based on size of firm and type of employment.

"(*b*) Maximum benefit formulas high enough to assure the great majority of covered employees in each State at least 50 percent of their regular weekly earnings.

"(*c*) Benefits for 39 weeks in all States for all eligible persons.

"(*d*) A permanent federally financed, State-administered system for 13 weeks of supplementary insurance benefits for the long-term unemployed who have exhausted benefits under State coverage.

"(*e*) Revision of methods of financing the program:

"(1) The taxable wage base should be increased from the present $3,000 to the $4,800 figure currently used in the old-age and survivors insurance system.

"(2) States whose reserves fall below a determined level in relation to past benefit costs should be required to suspend experience rating or otherwise to assure a sufficient statewide yield.

"(3) Present Federal law should be amended to permit States to modify employer tax rates on a statewide basis as well as on the present individual-employer basis, as the States find best suited to their needs.

"(4) A nationwide reinsurance fund should be established to make grants to States with prolonged duration and high rates of unemployment.

"4. *Extension of Federal grants to cover public assistance to the unemployed*

"The committee recommends that the Federal public assistance program be amended to include the following provisions:

"(*a*) Extension of Federal grants-in-aid to the States for financial assistance to all needy persons including the unemployed and underemployed.

"(*b*) Broadening of eligibility for aid to dependent children to cover children deprived of support or care because of the unemployment of their parents.

"(*c*) Limitation of Federal grants-in-aid to those States which impose no residence requirements denying any needy person help to which he otherwise would be entitled.

"(*d*) Raising of assistance payments to a level adequate for health and well-being.

"5. *Increased educational services, especially for vocational education, and assistance to special groups*

"The committee recommends cooperation by all levels of government to provide greatly expanded facilities for preparing young people to enter the employment market and for assisting older workers whose skills have become unmarketable to obtain retraining. The committee recommends:

"(*a*) Institution of a nationwide vocational training program through Federal grants-in-aid to the States, including specialized courses for youth who have dropped out of school and for older workers who require retraining.

"(*b*) The enactment of a Youth Conservation Corps bill.

"(*c*) Increased appropriations for the expansion of services to youth now provided by the employment security system.

"(*d*) Improved and expanded counseling programs for youth, including the distribution to appropriate institutions of the "Occupational Outlook Handbook" and other labor market information.

"(*e*) A report by the Bureau of Apprenticeship and Training to the Senate on measures necessary to encourage a higher rate of completions in apprenticeship training courses.

"(*f*) Provision for extended unemployment insurance or special loans during the retraining period of adult workers who have a demonstrated capacity for job performance and who have become unemployed by reason of technological change.

"*6. Attention to employment dislocations caused by defense and trade policies*

"The committee recommends:

"(*a*) Study by an appropriate committee of the impact of military procurement and deployment policies upon employment stability and unemployment, and consideration of measures to ease resulting dislocations.

"(*b*) Enactment of adjustment legislation to relieve the impact of international trade policies on employees, businesses, and communities adversely affected.

"*7. Elimination of discrimination in employment*

"The committee recommends that all levels of government, as well as unions and employers, extend their efforts to end discriminatory practices in hiring workers.

"(*a*) The Bureau of Employment Security should expand its programs to reduce discrimination in employment against young people, older workers, nonwhites, women, the handicapped, and other groups.

"(*b*) Increased opportunities for participation in vocational training and the apprenticeship training program promoted by the Bureau of Apprenticeship and Training should be assured.

"(*c*) An agency of the Federal Government should be established by legislation to combat discrimination and promote fair employment practices. Legislation such as that recommended by the Subcommittee on the Aged and the Aging should be enacted to require contractors and subcontractors of the Government to eliminate employment discrimination based on age.

"*8. Extension of unemployment benefits to domestic migratory farm laborers*

"Since domestic migratory farm laborers have special problems arising from the unstable nature of their employment and from the dependence of certain areas upon seasonally imported migratory labor, the committee recommends that:

"(*a*) The Senate take steps to assure domestic migratory farm laborers unemployment benefits as nearly comparable as possible to those received by other segments of the labor force.

"(*b*) The Senate determine the effect of the importation of foreign farm laborers upon the employment opportunities of domestic workers before acting to extend Public Law 78 in 1961.

"*9. Strengthening the employment services*

"The committee recommends:

"(*a*) A substantial increase in appropriations for the Bureau of Employment Security, particularly to enable the Bureau to strengthen its services. The national office of the U.S. Employment Service should be given adequate funds and personnel.

"(*b*) The development of new and effective techniques for the interstate exchange of information on employment opportunities.

"(*c*) A sharper line of distinction at the local level between the functions of the Employment Service and the administration of unemployment insurance benefits. The local organization of the Employment Service should be adjusted to provide the maximum separation between the administration of unemployment insurance benefits and the counseling and employment services. This shift of emphasis should be directed toward improving the public image of the Employment Service and to encourage employers to consult it when they are seeking employees.

"10. Standby antirecession legislation

"In order that the Federal Government may act promptly to stimulate employment at the beginning of a recession, the committee recommends adoption of a series of standby measures which would take effect automatically when rising unemployment indicated the onset of a recession. These standby measures should include:

"(*a*) Advance authorization for Federal public works of a type which permit rapid acceleration during periods of high unemployment.

"(*b*) A program of loans for community facilities.

"(*c*) An emergency housing program.

"11. Improved measurements

"The committee recommends increased appropriations to enable the Bureau of Labor Statistics and other agencies to supply additional data and measurements necessary to guide the Congress in the development of programs. More information is needed on:

"(*a*) The total number of the unemployed, including those who are involuntarily working part time and those who have withdrawn from the labor force because they have been unable to find work.

"(*b*) Family responsibilities of the unemployed and the impact of unemployment on their living standards.

"(*c*) The estimated number of persons unemployed from frictional, structural, and cyclical causes.

"(*d*) The rural labor force, and unemployment and underemployment in rural areas.

"(*e*) The composition of the labor force, conditions under which youth enter the labor force and workers leave it.

"(*f*) The role of women in the labor force and the adjustments necessary because of their changing role.

"(*g*) The work history of the unemployed and data on those who suffer frequent periods of unemployment.

"12. Continuing attention to manpower resources and utilization

"As a result of its study the committee believes that the Federal Government should maintain a continuing concern for the Nation's overall manpower resources, requirements, and utilization, including the problem of underemployment. Both the legislative and executive branches should be concerned with prospective manpower dislocations resulting from automation and technological change and with the manpower needs which must be determined as a basis for training and counseling programs. The committee therefore recommends that:

"(*a*) A permanent subcommittee within the appropriate standing committee of the Senate be established with responsibility for consideration of manpower requirements, resources, and utilization at all levels of employment, and for legislation related to these areas.

"(*b*) A National Manpower Planning Commission be established in the Executive Office of the President with corresponding responsibility; or, alternatively, that an existing agency of the Government be assigned such responsibility.

"13. Financing the committee's recommendations

"Insofar as this committee recommends increases in budget expenditures, we believe that revenues to offset these expenditures can and should be obtained. The committee believes that its recommendations are realistic. The cost of these proposals will be much less than the cost of continuing high levels of unemployment, and will represent a small fraction of the gains in production in gross national product and in tax yield."

Recommendation 10 of the Committee states:

"In order that the Federal Government may act promptly to stimulate employment at the beginning of a recession, the committee recommends adoption of a series of standby measures which would take effect automatically when rising unemployment indicated the onset of a recession. These standby measures should include:

"(a) Advance authorization for Federal public works of a type which permit rapid acceleration during periods of high unemployment."

Mr. Chairman, S. 2817 has been drafted to provide the needed authority for this type of standby antirecession legislation. I appreciate the committee's decision to hold hearings on this bill and I recommend favorable consideration of it.

Senator KERR. All right, Mr. Batt.

STATEMENT OF WILLIAM L. BATT, JR., ADMINISTRATOR, AREA REDEVELOPMENT ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Mr. BATT. Mr. Chairman and members, I am most pleased at the opportunity to appear before this committee to testify in support of S. 2965, as amended, to provide both immediate and standby public works acceleration programs.

The $600 million immediate acceleration program is particularly needed in certain disadvantaged areas in this country right now.

Our experience is working with these areas over the past several months has led us to three conclusions which will be of interest to your committee:

1. The area redevelopment program is making promising progress in helping the hardest hit communities in the United States diversify their economies and provide jobs for their unemployed workers.

2. Despite ARA's progress, it is essentially a long-term program designed primarily to help private industry and expand new employment in these areas. There is very real need for an immediate program to provide short-term employment on useful public works in these areas.

3. There is a substantial shelf of meaningful public works projects which could be activated with the help of this program—projects on which planning is well advanced. It seems to us the safeguards in the bill would insure that these projects meet essential public needs and that they provide immediate job opportunities.

To return to point 1, the area redevelopment program is making most gratifying progress. By the end of this fiscal year—only 3 months hence—we expect to have invested $72 million of our appropriated funds in financial assistance projects that should provide 30,000 direct jobs in redevelopment areas. Since each new job creates at least one additional job in supporting trades and services, this should mean 60,000 new jobs in these redevelopment areas.

Also by the end of the fiscal year, we should have 15,000 unemployed workers either retrained or covered by retraining courses.

There can be no question about the value of the investments that we are making under this new program. A good case in point is Carbondale, Ill., where we made a $455,000 loan to expanding private industry, and stimulated $2.6 million in additional public and private investment. This one-time investment will produce an annual payroll for the Carbondale area of $4.3 million—which will generate $226,000

in Federal income taxes each year, will save $363,000 each year in unemployment compensation benefits, and will save $96,000 each year in public assistance.

Obviously a little simple arithmetic will show the savings in public assistance and unemployment compensation every year will amount to more than this one-time loan—and the loan will be repaid with interest.

Equally obvious, 2 years of income tax from the workers alone will pay for the loan.

This is just one more bit of evidence of something we have known for many years—investment in job-creating projects costs much less than it costs to maintain people in idleness, as essential as this is. Area redevelopment is not only good humanitarianism and a reinforcement to the Nation's economy at its weakest points, it is also good economics and good government.

Perhaps of equal or greater long-run importance is the avalanche of local economic planning. For the first time, leaders from all walks of life in these communities are sitting down together, identifying and facing up to their economic problems—in most cases a distressing dependence on one declining industry—and agreeing upon specific measures to broaden their economic base and create new jobs for their unemployed and for the young people entering the labor force. Some 503 areas and 19 Indian reservations in 43 States—over half of all eligible areas—with a total population of 28 million people, have submitted overall economic development plans and are working hard at implementing these plans with specific projects to put people to work.

But, of course, our area redevelopment program is aimed at long-run objectives—at helping these areas build sounder, more diversified, broader based economies, and to make fuller use of their natural resources to provide more jobs for their people.

But there is the present, too.

These redevelopment areas, plus the areas which have had substantial labor surplus for more than a year—the areas, in short, proposed to be included by the amendment to S. 2965—are worse off right now than the country as a whole would have to be to "trigger" the proposed Standby Public Works Act. The proposed legislation would provide these areas with the short-term economic help that they need.

This immediate need was first spelled out by the Task Force on Area Redevelopment, chaired by Senator Paul Douglas, in its report to the President-elect in December 1960. Senator Joseph Clark, of Pennsylvania, also served on this task force. That report recommended:

> * * * an emergency program of small public works projects limited to the distressed areas. The chronic low income in most of these areas has forced a chronic neglect of needed public works.

I suppose that is nowhere more true than in eastern Kentucky, Senator Cooper.

> Yet, without such improved public facilities, the private economy of these areas will probably never be successfully revived.

The report went on to say:

> * * * We believe that a national decision should now be made for localized public works to take people off the relief rolls and combat localized depression.

President Kennedy pointed out in his letter to the chairman of this committee on March 26, 1962, that—

> continued economic expansion for the Nation as a whole will in time help to restore the prosperity of many of these areas. But their needs are urgent now, and further help should not be delayed until another recession threatens the whole economy.

What areas is President Kennedy talking about?

The areas that President Kennedy is talking about and the areas which would be eligible for help under this bill, taken together, have a total population which is 38 percent of our Nation's population and also have a labor force which is 38 percent of the nation's labor force; these areas have over half of the Nation's unemployed. On the average, 1 out of every 13 workers in these areas is jobless, giving an average unemployment rate 33 percent higher than that of the Nation as a whole. Averages can be misleading. Many of these communities we are working with have unemployment rates of 20 and 30 percent of their labor force and have had it for a long, long time.

Senator KERR. I hesitate to interrupt, Mr. Batt, but I have a question or two that are so directly connected with this particular part of your statement that I believe I will do so.

If I understand the provisions of the bill, the way it is triggered, as you say on page 3, is by an increase of one per cent in the overall unemployment; that is, 1 percent of the entire labor force, either within 3 out of 4 consecutive months or 4 out of 6 consecutive months.

Mr. BATT. Yes, sir; that is my understanding.

Senator KERR. Is it possible that these conditions which you have just described and which are of particular interest and concern of the committee could continue to exist in local areas and maybe worsen without triggering this program a provided for?

Mr. BATT. Yes, sir; that is exactly the point that I was trying to make.

Senator KERR. As I understand your testimony, you are giving it to us in support of the language in the bill. And it would seem to me that the evidence you are giving us might very well support an amendment to the bill that would provide a different method of triggering certain portions of it.

Mr. BATT. Well, sir, the Chavez amendment in effect makes the redevelopment areas in the country, plus those additional areas which have had unemployment of 6 percent or more for a year or more eligible for this kind of help right now. So in effect you are pulling the trigger by passage.

Senator KERR. Not unless the program is triggered as provided for in the basic bill.

Mr. BATT. Well, sir, as I read the Chavez amendment in addition "that Congress finds that certain communities and areas in the Nation are presently burdened with substantial unemployment and underemployment" and action by the Federal Government is necessary.

> It is the intent and purpose of the Congress to provide for an immediate program of assistance in capital improvements to these areas.

I am speaking primarily, sir, to the amendment.

Senator KERR. That says if what?

Mr. BATT. This amendment, as I read it, the Chavez amendment, says that it is the purpose and intent of the Congress to provide for

an immediate program of assistance through capital improvement to these areas.

Senator KERR. Well, that is true, but it made an amendment to the bill that is not self-executed.

Mr. BATT. Well sir, as I read the amendment, and I——

Senator KERR. And as I understand the amendment, it does not make provisions which it contains self-executing.

Mr. BATT. As I understand it, sir, in section 8, the lines 18, 19, and 20, the—

Senator KERR. Section 8 of the bill?

Mr. BATT. In page 2 of the amendment, on lines 18, 19, and 20—it provides that in these areas which we are talking about, where we have this tremendously heavy unemployment, these programs can be activated at once without regard to section 3 in S. 2965 requiring the proclamation and existence of a capital acceleration period.

Senator KERR. In other words, then, your testimony is primarily addressed to the Chavez amendment?

Mr. BATT. Yes, sir.

Senator KERR. Very good. Very good. Proceed.

Mr. BATT. To illustrate the point, if I may, Senator, the mayor of Ironwood, in northern Michigan, was in to see me.

Senator KERR. The mayor of Michigan in northern Ireland?

Mr. BATT. No; the little town of Ironwood in Gogebic County.

Senator KERR. Oh; pardon me. I knew what we had here from Michigan.

Mr. BATT. You just came in time, Senator McNamara.

The mayor of Ironwood in the northern peninsula of Michigan was in to see me and he had many problems of public facilities in disrepair in his town and in his county of Gogebic. But they had 40 percent of the labor force out of work because of what has happened to deep iron mining. Forty percent of the total revenues of the county were going for relief. They expected the relief load to double or triple when unemployment insurance ran out. Their public facilities were in such poor shape that he was about to be in trouble for letting the jail run down. He had to close the jail and move their prisoners some county or two away.

And the county was broke, obviously, because all their money was going for public assistance. This is the kind of situation which we have widely in the United States today, not only in the North, but in the areas of unemployment and rural poverty in the South and Southwest.

Now, the bill before you makes clear that assistance would be limited to these hard-hit areas.

Senator KERR. You mean the amendment?

Mr. BATT. The amendment; yes, sir. It is quite clear that they are worse off right now than the whole country would have to be to trigger the standby program.

Now, it seems to me that if we believe in the efficacy of well-planned public works to combat unemployment nationally when the entire economy turns down, we must also believe in the usefulness of accelerating public works in these hard-hit areas today.

How can we guard against frivolous undertakings being engaged in under this program? Can valid projects be identified, and work begun, in the short-time limitations set by the act?

The President, in his letter to the committee chairman, pointed out that the legislation contains basic safeguards. As the President said:

> Projects could be approved only if they were meeting essential public need, if they could contribute to the rapid reduction of unemployment, and if they were not inconsistent with locally approved overall economic development programs.

Now, if I may go back to my first point:

Our experience with the avalanche of local economic development plans is also reassuring on this point.

In the first 300 plans for overall economic development submitted to ARA by local organizations, the communities identified a need right now for 1,132 public facility projects, of which 784, costing about $270 million, might be initiated or accelerated and then completed within a year with help by ARA. The communities identified water supply systems, flood control, sewerage systems, water pollution control, roads, streets, airfields, ports, ferries, and sidewalk projects as needed, right now, to help improve their long-range economic and employment opportunities.

I might say this is the communities themselves, Mr. Chairman, who are identifying this need and not any master mind from Washington or the State capitals.

Senator KERR. You are not intimating that there is not any such thing?

Mr. BATT. That there are masterminds?

Senator KERR. No; that there may not. There may not be any in the executive, but there surely are some in the legislative branch.

Mr. BATT. Let me give you a few specific examples.

Senator KERR. All right. Name them. I notice our distinguished, beloved chairman has his ear turned in your direction.

Mr. BATT. This is one for which I am not quite prepared. I plead the fifth amendment. But we have a number of specific examples, if not of masterminds, of darned good projects, useful public facility projects which the communities themselves feel are desperately needed.

In the overall program for the Rhode Island redevelopment area alone, 23 towns indicated that about 51 such projects are needed that might qualify under the accelerated public facilities program. These projects are estimated to require about $13.7 million from the Federal Government.

The long-range economic development plan for Hawaii County, in the State of Hawaii, states that—

> in order to provide the means for investment in hotels and other tourist facilities, there are numerous public facilities that must be provided * * * hotel construction in Kona is stymied because of a lack of a sewer system. There are numerous projects, water development, highway construction * * * that are necessary to the continued development of the country's tourist industry.

Again, the comprehensive plan covering the East Lake Cumberland area of Kentucky states that—

> no single problem is more basic to the development of the area's communities than the problem of community facilities.

The plan then goes on to indicate a need for water and sewer systems, hospitals, clinics, and water development, including dams.

The same sort of picture is painted for the Pine Ridge Indian Reservation in South Dakota, and for the redevelopment area which includes Haskell, Okmulgee, McIntosh, and Pittsburgh Counties in

Oklahoma. In fact, the picture is similar all across the country in redevelopment areas, and in other disadvantaged areas.

Senator CHAVEZ. Do not forget New Mexico now.

Mr. BATT. We shall not.

Senator KERR. Off the record.

(Discussion off the record.)

Senator KERR. You did very well to address yourself to the ranking Republican member and the Democratic member, who sits next to me, but the chairman is looking for a reference to New Mexico.

Mr. BATT. Well, sir, I will see if I have one. I would be happy, sir——

Senator KERR. We will give you time to make an investigation and make a proper insertion in the record at this point.

Mr. BATT. Well, we have here; sir, if I may, I would like to insert in the record a brief report on some of the needs which the New Mexico people have indicated to us. Incidentally, the highest priority is for a flood control and water project in Socorro, N. Mex.

NUMBER AND TYPE OF PUBLIC WORKS PROJECTS INCLUDED IN OVERALL ECONOMIC DEVELOPMENT PROGRAMS

A large number of public works proposals are included in the provisional overall economic development programs submitted by local groups to the Administrator of the Area Redevelopment Administration.

Some of these will qualify for assistance under the Redevelopment Act or other Federal legislation. A large number will not qualify since they do not contribute directly to industrial and commercial projects financed under other sections of the Redevelopment Act. Yet these projects might be integral parts of a total attack on problems of local economic and community development.

The OEDP's received from New Mexico represent five counties and two Indian reservations.

Types of projects covered in these OEDP's include:

Public utilities.
Irrigation improvements.
Flood control.
Tourism and recreation improvements.
Municipal buildings.
Municipal airport.
Highway improvements.

TYPICAL EXAMPLES OF POSSIBLE PUBLIC WORKS PROJECTS SELECTED FROM OVERALL ECONOMIC DEVELOPMENT PROGRAMS (OEDP'S)[1]

NEW MEXICO

Acoma Indian Reservation

Public utilities.—Inadequate commercial and domestic water supplies, as well as sanitation, are acute deterrents to progress.

Community building.—A need exists for a community building to house tribal council meetings, sheep and cattle association meetings, and others as desired.

Espanola area (Rio Arriba County)

Highway improvements.—Improved road to mine areas, to oilfields and gasfields are needed as well as an improved connecting road through the Cumbres Pass area are needed. A new highway across north New Mexico would have a major impact on the economy of the county, especially with respect to benefits through increased tourism as well as providing a better highway net for more favorable expansion of present and future economic activities in the county.

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[1] Inclusion of a project in this list is not a comment on the worth of the proposal. All projects are examined only on the basis of their title and brief description contained in the OEDP.

Tourism.—Expansion of tourism potentials is essential and is considered as one of the most important activities whereby the economy of the county can be improved. Proposed projects include the establishment of a State park, the restoration of St. Mary's Church, Ojo Caliente, establishing camping and recreation areas on Abiquin and Navajo Dam Reservoirs, and the establishment of new recreation areas and winter sport areas.

Water development.—Watershed projects and the irrigation of arable land are necessary.

Municipal projects.—New municipal buildings, public utilities, and a municipal airport are required.

Las Vegas area (San Miguel County)

Highway improvements.—An improved road system is one of the most important needs in the county. This should include farm-to-market roads, access roads to timber and mineral resources, and roads into the areas of historical and scenic beauty. Such roads would provide employment to large numbers of people, bring increasing numbers of tourists and recreationists into the county, and make accessible to market the timber and mineral products of the county..

Water development.—Flood control and improvement of local irrigation facilities would provide immediate employment for large numbers of unemployed citizens. At present poor, inefficient irrigation structures erected by the local people are washed out every year.

Tourism and recreation development.—Evergreen Valley and Elk Mountain might be developed as a winter sports area that would compare favorably with any in New Mexico, provided all-weather roads are constructed into the area.

Public utilities.—An improved sanitary sewer system is needed for Las Vegas. If present plans could be carried out, the system could handle at least double the present flow, or approximately 750,000 gallons per day.

Mescalero Indian Reservation, Mescalero, N. Mex.

Access roads.—Access roads to six areas, for public recreational-tourism access, totaling 27 miles of construction at $30,000 a mile. Total, $780,000. The areas and miles of road needed for each are: Eagle Creek, 4; Cienigita, 8; Turkey Creek Springs, 4; Pajarita, 6; Silver Canyon, 1; and Three Rivers, 4.

Mountainair area (Torrance County)

Public utilities.—Larger pipelines to carry water to industries located in Estancia, Mountainair, Moriarty, and Encino are necessary. A natural gas line is needed through Willard, Estancia, and Moriarty.

Highway improvements.—New road construction and highway repair is needed to improve the overall transportation system.

Irrigation systems.—The better utilization of irrigation water through the use of underground pipe is needed to increase the volume of farm income.

Raton area (Colfax County)

Public utilities.—Water transmission facilities and reservoir facilities are needed in the Raton and Springer, Cimarron areas to serve additional industries and population.

Irrigation improvements.—An efficient economically feasible system for irrigating existing and potential farmlands is necessary and should provide a tremendous boost to the economy.

Tourism and recreation improvements.—Development of the Sugarite Canyon area is necessary with its potential of lodging, camping, cabin residency, expanded fishing, hiking, horseback riding, golfing, tennis, and swimming. Development of the ice caves, skiing area, and an old coal mine with an entrance road as a tourist attraction should also be accomplished. Provision should be made for camping facilities on the Old Raton Pass.

Socorro County, Magdalena, Polradera, Lemita, N. Mex.

Water system.—Improvement of existing water systems of these three communities. Details not included in OEDP.

Senator KERR. Very well. Now you have taken care of the chairman.

Mr. BATT. All of these projects are needed in these areas now—and so is the employment, purchasing power and additional private capital investment they bring. What more useful activity is there

than rebuilding the foundation on which a communty or an area can grow and prosper, and putting unemployed workers back to work at the same time?

To sum up, then, the ARA program is off to a good start, but it is a long-range program and these hard-hit areas are in need of immediate short-range help as well. The bill before you would provide the kind of capital improvements that would be of vast help to these communities solving their long-range problems and would also put people to work in the next few months.

Finally, the safeguards suggested in the President's letter and the extensive community planning that already has been done under the Area Redevelopment Act will assure that only well-conceived projects are undertaken.

These are the reasons that we would like to join in urging prompt action by the Congress in providing both the standby and the immediate public works program recommended by President Kennedy.

Senator KERR. Now, if you would go back to page 5, the fourth line in the second paragraph, and see if you need not make typographical change in the language.

Mr. BATT. I am sorry, sir; that is "reduction." This is a typographical error. My staff worked late last night.

Senator KERR. I want to commend them and we will permit the amendment by changing the word.

Senator MCNAMARA. Mr. Chairman, I would like to ask Mr. Batt, in view of a letter that we have here in connection with a rather large presentation by the Investment Bankers Association of America—are you familiar with their position?

Mr. BATT. No, sir.

Senator MCNAMARA. They wrote to our committee, and to our chairman, the Senator from New Mexico, that there is no need for this legislation, and they give us a great list of municipally financed projects that they have served recently. They say that money is not only available to these communities that want to make improvements, but it is also available at a low rate of interest or a "favorable rate of interest." I think was the exact language that they used.

What is your reaction to their position?

Mr. BATT. Well, sir, I think the experience we have had would indicate that first of all, this position is, I feel, unjustified, that for the communities which are "well heeled" and can borrow money at advantageous rates, the banks can and should fulfill that function. But this is a situation where the rich get richer and the poor get poorer. The ones that need it most, the ones we are dealing with, tell us that they cannot.

We have one case of Smith Township in western Pennsylvania, for which we have an application for a community facilities loan, where the community is bankrupt. But they desperately need a sewer and water line to help keep industry which otherwise will have to move out of that area, and lose several hundred jobs. They have tried every bank. For quite good reasons they are unable to get a bank loan. This would be, I suspect, equally true of a community like Ironwood, in Gogebic County in Michigan.

Senator KERR. Let me cooperate with you a little bit right here.

I noticed the letter referred to by the Senator from Michigan cites five examples of recent municipal financing at very favorable rates.

No. 1 is the city of Birmingham, Ala.; No. 2 is the city of Huntington, W. Va.; No. 3 is the city of Detroit, Mich.; No. 4 is the city of Philadelphia, Pa., School District; and No. 5 is the Los Angeles, Calif., School District.

Now, in the first place, I would presume that those five areas would be among the list that would be highly rated by investment bankers and purchasers of municipal bonds from the standpoint of their stability and their growth, development, and soundness.

No. 2, I think the principal reason for the fact that municipals are in such greatly increased demand and the interest rates have improved to the extent that they have was the action of the Federal Reserve Board which permitted commercial banks to pay 4 percent interest on savings accounts.

When that order was issued by the Federal Reserve Board, it was indicated that one of the purposes, if not the primary purpose, was to permit the New York banks to compete with what is called hot money; that is, dollar volume owned either by Americans or foreign nationals which is placed by the owners in the area where the most favorable interest rate is to be received. The New York banks, limited to 3 percent on savings, could not compete with, let us say, banks in the Bahamas or in England or France or Switzerland or Germany that were paying a much higher rate for savings deposits.

So whether it was wise or unwise, the Federal Reserve Board authorized the New York City banks or any other American commercial bank to increase their rate on savings accounts to 4 percent, which was done.

When the bank pays 4 percent for money deposited with it, it has to reloan it, and put it out on a basis that will make it profitable.

It is rather a unique situation where a bank can pay 4 percent to the depositor for putting it in his bank and leaving it there and then lend it at 3¼ percent and make money, but that is just exactly what they can do with reference to municipals. Because the banks are in the 52-percent income tax bracket. Therefore, when they pay 4 percent on savings accounts, their actual net cost is 1.92 percent because the interest rate they pay is an expense and is deductible from their taxable income.

And since their taxable income is taxed at the rate of 52 percent, that means that their net cost on that savings account is 1.92 percent.

The interest received on municipals is tax exempt. Therefore if the banks receive 3¼ percent for the money invested in municipals, they pay no tax on that income. Therefore, having acquired the money at a net cost of 1.92 percent, they have been very vigorous since the first of the year in the purchase of tax-exempt municipal bonds. That has resulted in a very considerable strengthening of the municipal bond market, and also in an easing of the interest rates required to be paid by muncipals in order to sell their securities.

Another result of that action has been that commercial banks are now going very strongly into the field of mortgages, the purchase of mortgages on residences, and I would say that if they have not now acquired, they probably will acquire before the year is over, all of the insured Government mortgages held by Government agencies which the Government agencies would like to dispose of, because those mortgates bring from 5½ to 6 percent. These mortgages are insured by the Federal Government, so the commerical banks paying 4 percent

on savings are turning to those two particular fields of investment into which to put the vast volume of the increased savings that they are receiving from their customers and on which they are paying the 4 percent.

Now, it seems to me that the position of these investment bankers, rather than being a valid objection to this proposal, is a recommendation of it, because it calls attention to the fact that it will be easier now for these municipalities to finance their part of the cost of projects than it has heretofore been insofar as the salability of their bonds are concerned and the interest rates they will have to pay on them. This is a rather significant development. Even though a municipality is in a highly distressed area, if it can issue a revenue bond on a project which is sound from the standpoint of paying itself out during the period of time for which the bond is issued, and even though the overall economic condition and position of the community might not be nearly as favorable as it had been, by reason of the much more favorable market for municipals, many of these communities, though suffering from a high rate of unemployment, today have a better opportunity to finance their part of the cost of these projects than they had a year ago, when perhaps their community was in a sounder economic position and their rate of employment was higher or their rate of unemployment much lower than it is now.

Mr. BATT. I would like, if I may, just to make two comments further, sir. One is that in our act, the competitive factor has been guarded against rather effectively by requiring that where other sources of financing, private or public, are available at reasonable rates, that we step aside and let that be taken care of through existing channels.

Senator KERR. You mean that you do not purchase their securities yourself?

Mr. BATT. We find some other way to do it. We are the court of last appeal.

Senator KERR. Last resort, Mr. Batt.

Mr. BATT. Thank you.

We also require that where we can possibly get private bank participation we do. We get the bank participation up to the maximum capability on legal authority or financial capability of the bank to participate.

I would like also to point out that the banking fraternity might be somewhat less than unanimous, despite the position of the association. Because, in leafing through the OEDP's I brought with me, I find that every single one of the local committees requesting help in public facilities, which can only be provided by this act, have representatives of banks on them.

Senator KERR. That is the local commerical banks. The letter, Mr. Batt, was from the Association of Investment Bankers; they are not necessarily the same.

Mr. BATT. I am sorry. I thought it was the American Bankers Association.

Senator KERR. No, no; these are investment bankers.

Mr. BATT. I just cannot help but note that we have bankers from West Virginia—here is one: Fayette County, W. Va., where a banker signed the appeal for sewage treatment and water facilities.

We have the same thing in the appeal from Kentucky, from the East Lake Cumberland area, from a banker, Mr. J. T. Wilson of Somerset; from the counties in Oklahoma; we have Mr. Homer Carlisle, a banker in your State, Mr. Chairman, who signed this appeal for water and sewer extensions in Stigler and Haskell County and a water system for an industrial park in——

Senator KERR. Do not call attention to all that are listed there from Oklahoma. I am already for the bill and there are going to be a lot more from Oklahoma than your records disclose.

Mr. BATT. Belmont County—they are represented. They are on the appeal from Belmont County.

From the county of Hawaii a letter signed by a banker which makes clear the need for public works in Hawaii.

On every one of those areas we require that the bankers be on there and every one of them comes in for an extension of public works beyond what can be financed by our program.

Senator MCNAMARA. Mr. Chairman, I am concerned about the question I have just raised; and, despite the answers that we received here, this is a very complicated business, the buying of these bonds, plus the interest rates involved; so I do not pretend to understand it at all. It seems that in the State of Michigan, according to this list, in the past year, 1961 that is, some 150 projects were financed through private bankers. About 20 of them were in the Detroit area. I have not counted them all. I estimate this just from going over the list. The rest were in all sorts of areas, some comparatively small, some rural areas, as well as some in the larger communities.

Mr. BATT. Any small towns?

Senator MCNAMARA. Yes; they are listed by projects and the amount of money loaned. You mentioned West Virginia. West Virginia is frequently spoken of in connection with legislation of this type, and justly so. They indicate here that they financed last year about 10 or 12 projects, running up to as much as $8 million in South Charleston sewer project; $2,450,000, West Virginia Army Board revenue; and Huntington sewer revenue, $1,425,000; West Virginia road program, $1 million.

It appears that they make a pretty good case here, not just for the five big communities, Mr. Chairman, but for communities throughout all of the States.

I think we have to give serious consideration to their presentation. I gather from your answer to my question that it is not your intention to go into competition with these people, but rather to pick up the projects that cannot be financed by private investment, generally speaking.

Is that about the right conclusion?

Mr. BATT. That is true. As a matter of fact, the provision under our act, of course, is that we will make every effort to get bank participation and we have done this.

On the question of generally financing of municipal improvements, Mr. Conway, who testified next, may have more enlightenment for you.

Senator MCNAMARA. But is it your contention that when we get to all the projects that can be readily financed by private investors, there is still the job that needs to be done and that is where we particularly need this kind of legislation. Am I correct in that?

Mr. BATT. That is correct, sir. And of course this does not touch the need for projects which are totally Federal projects which could also be helped. Obviously, there is a great deal of useful work that can be done in accelerating the construction of public roads on totally federally owned lands. Many of these are in the areas which are eligible for help on the bill, which, incidentally, Mr. Chairman, we have outlined on the map to your right.

Senator MCNAMARA. That is all, Mr. Chairman.

Senator KERR. The letter from the Investment Bankers Association of America will be made a part of the record, as will their statement, and their exhibit will be filed with the record but not made part of it.

(The documents referred to are as follows:)

INVESTMENT BANKERS ASSOCIATION OF AMERICA,
Washington, D.C., April 12, 1962.

Re Proposed Standby Public Works Act of 1962 (S. 2965) and Public Works Coordination and Acceleration Act (S. 2817).

Senator DENNIS CHAVEZ,
Chairman, Senate Committee on Public Works, New Senate Office Building, Washington, D.C.

DEAR SENATOR CHAVEZ: In connection with the hearings by your committee on April 12 and 13 with respect to S. 2965 and S. 2817, we request that the enclosed statement by the Investment Bankers Association of America, with appendixes A and B, be included in the printed record of the hearing. We realize that appendix B is somewhat lengthy, but the information therein is essential in considering whether the proposed Federal assistance is necessary in the financing of public works by State and local governments.

Since one of the key issues is whether municipalities in "redevelopment areas" or in areas of "continuous substantial unemployment" can finance needed public works without the Federal assistance proposed in the bills under consideration, we submit, in addition to the information in the attached statement, the following examples of recent financing by cities in such areas at very favorable interest rates:

(1) On April 10, 1962, the city of Birmingham, Ala., sold $5 million of waterworks revenue bonds (maturing to 1992) at a net interest cost of 3.2037 percent.

(2) On April 9, 1962, the city of Huntington, W. Va., sold $1,800,000 of sewer revenue bonds (maturing to 1981) at a net interest cost of 3.0992 percent.

(3) On March 27, 1962, the city of Detroit, Mich., sold several issues of bonds aggregating $20,985,000 (the longest maturing to 1988) at net interest costs ranging from 2.579 percent to 3.194 percent.

(4) On February 13, 1962, the Philadelphia, Pa., School District sold $12 million of school bonds (maturing to 1987) at a net interest cost of 3.07 percent.

(5) On February 13, 1962, Los Angeles, Calif., School Districts sold $30 million of school bonds (maturing to 1987) at a net interest cost of 3.15 percent. On January 31, 1962, Los Angeles, Calif., sold $14 million of harbor department revenue bonds (maturing to 1986) at a net interest cost of 3.39996 percent.

We respectfully request that this letter be included in the record of the hearing before your committee.

Respectfully,

GORDON L. CALVERT.

STATEMENT BY THE INVESTMENT BANKERS ASSOCIATION OF AMERICA RE PROPOSED STANDBY PUBLIC WORK ACT OF 1962 (S. 2965) AND PROPOSED PUBLIC WORKS COORDINATION AND ACCELERATION ACT (S. 2817)

INTRODUCTORY COMMENTS

The Investment Bankers Association of America is a voluntary unincorporated trade association of investment banking firms and securities dealers who underwrite and deal in all types of securities. The association has over 800 member firms engaged in the securities business in the United States and Canada, including about 100 commercial banks. Our members have, in addition to their main

offices, about 2,100 registered branch offices. The underwriting and distribution of State and municipal bonds in the United States are done by firms which, with a few exceptions, are members of our association. We believe that the information in this statement and its appendixes will be helpful to the committee in determining whether the proposed legislation is necessary or desirable.

SUMMARY OF S. 2965 AND S. 2817

S. 2965 is designed to provide standby authority for the President to accelerate public works programs of the Federal Government and State and local public bodies. It would include a finding by Congress that virtually every community in the Nation has a backlog of needed public works projects, and that an acceleration of these projects during intervals of unemployment would increase employment and expenditures at a time when such action is most urgently required. The President would be authorized to proclaim a public works acceleration period—

(1) Within 60 days after the date when data compiled by the Department of Labor reveal that the national unemployment rate adjusted for seasonal variations and stated to the nearest one-tenth of 1 percent of the civilian labor force, (i) has risen in three of the four, or in four of the six, most recent consecutive months for which such data are available, and (ii) has risen by not less than 1 percentage point measured from the month immediately preceding such 4- or 6-month period to the last month of the period, and

(2) After the President has determined that existing employment and unemployment indicators and other available economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives of the act.

During the existence of a public works acceleration period, the President would be authorized, among other things (through executive agencies) to—

(*a*) Direct Federal expenditures aggregating $750 million to accelerate Federal public works projects or to initiate new projects already authorized by law.

(*b*) Direct Federal grants aggregating $750 million to States and municipalities to finance the initiation or acceleration of public works projects for which Federal grants are authorized by the Congress or which are not eligible for grants under other acts of Congress; provided that the amount of any grant shall not exceed 50 percent of the cost of undertaking and completing the project.

(*c*) Authorize Federal loans aggregating $250 million to States and municipalities which otherwise would be unable to meet their share of the cost of projects for which grants are authorized. Such loans would be made at an interest rate determined under a formula in the bill, which presently would be 3⅝ percent.

(*d*) Allocate an aggregate of $250 million among the foregoing programs to supplement the available funds.

Restrictions on financial assistance under the proposed act would include requirements that the project or program (1) can be initiated or accelerated within a reasonably short period of time, (2) will meet an essential public need, (3) if initiated under the act, can be completed within 12 months after initiation, and (4) will contribute significantly to the reduction of unemployment.

S. 2817, a similar bill, would provide the Public Works Coordination and Acceleration Act. This would establish an Office of Public Works Coordination and Acceleration and, if the unemployment rate reached prescribed levels, would authorize the President through the Director to allocate (a) an aggregate of $500 million to accelerate construction of Federal public works projects and (b) an aggregate of $1.5 billion for Federal assistance to accelerate construction of State and local government public works projects; provided, that no such funds shall be made available to any State or local government unless the public works project results in a net increase in the current annual level of expenditures of such government for capital improvement projects. This bill would also amend the community facilities program (sec. 202 of the Housing Amendments of 1955) to authorize Federal grants-in-aid, up to 50 percent of the cost of construction of any public facilities project to any municipality

eligible for Federal assistance under that program—without regard to requirements therein that the financial assistance not be otherwise available on reasonable terms and that it be extended only to municipalities with a population not in excess of 50,000 (or 150,000 in a redevelopment area).

It appears that the principal question for the committee is whether the proposed program is necessary, desirable, and the most effective means to accomplish the desired result.

(1) State and local government financing of public facilities through bond sales continues at record levels

In considering any proposal to provide Federal assistance to States and municipalities for financing public facilities, it is essential background to consider whether States and municipalities can and are financing needed public facilities without the proposed assistance.

The sale of new issues of municipal bonds to provide long-term financing for the construction of public facilities has steadily increased over the past 10 years and reached a record high in 1961, as evidenced by the total sales of new issues of State and municipal bonds during each of those years:

1952	$4, 401, 317, 000	1957	$6, 958, 152, 000
1953	5, 557, 887, 000	1958	7, 400, 367, 000
1954	6, 968, 641, 000	1959	7, 681, 000, 000
1955	5, 976, 503, 000	1960	7, 229, 000, 000
1956	5, 446, 419, 000	1961	8, 300, 000, 000

Attached as appendix A is a list of the total amount of new issues of State and municipal bonds sold in each State in 1961 (a preliminary tabulation, not yet complete). Attached as appendix B is a list of the 3,628 new issues of State or municipal bonds sold during the first 6 months of 1961 (January–June).

We request that these appendixes be included in the printed record of the hearings because the information in them is essential in considering whether financial assistance is necessary in the financing of public facilities by State and local governments.

The high level of sales of new issues of municipal bonds has continued this year with sales aggregating over $2.6 billion during the first 3 months (January–March 1962).

For many years advocates of various programs of Federal financial assistance to States and municipalities have alleged that local governments were no longer able to finance needed facilities because of inadequate revenues or statutory or constitutional debt restrictions; but the record clearly demonstrates that States and local governments can, and are continuing to finance increasing programs of construction of public facilities.

The claim is also made from time to time that small municipalities are unable to finance needed public facilities because they must pay prohibitively high interest rates on their bonds and are forced to pay higher interest rates than larger municipalities. Again, the record disproves such claims and demonstrates that small municipalities can and do obtain favorable rates on their financing. For example, during the first 3 months of 1961 (January–March), municipalities with population under 10,000 sold in the open market 305 issues of general obligation bonds aggregating over $102 million; and over 92 percent by dollar amount of these issues were sold at a net interest cost under 4 percent.

(2) Financing through bond sales and construction by local governments operate automatically on a contracyclical basis

The record during the last three recessions has demonstrated that financing (and the resulting construction) by State and local governments has operated automatically on a contracyclical basis. Projects which are less readily postponable, such as schools, water and sewer projects have in general been financed when they have been needed. However, the record indicates that many postponable projects have been held until interest rates declined. Under a flexible monetary policy, interest rates generally have declined during periods of economic recession, and many municipalities have taken advantage of the lower interest rates to finance the postponed projects. Consequently, there was a sharp rise in municipal bonds sales during the 1953–54 recession, the 1958 recession and the 1960–61 recession.

This contracyclical reaction in local government financing was noted recently in the March 1962 Monthly Review of the Federal Reserve Bank of New York, as follows:

"As in past recessions and recoveries, State and local governments stepped up their borrowing in the 1960–61 recession and increased their outlays on construction.

* * * * * * *

"This, the increase in construction outlays in this recession, represented a reversal of a downward movement, rather than just an acceleration of the previous absolute rate of growth as in 1954 and 1958" (p. 39).

Since this contracyclical action occurs automatically, it would appear both unnecessary and undesirable to authorize increased Federal financial assistance at such times, because increased Federal assistance would probably simply substitute Federal financing for financing obtainable from other sources. This result was recognized in the staff report from the Bureau of the Budget in January 1961 on "Federal Fiscal Behavior During the Recession of 1957–58" which remarks:

"However, in a short recession in which monetary conditions ease and credit is available Federal lending tends to replace rather than supplement private lending."

Federal revenues undoubtedly would automatically decrease in a recession period, and the decrease would be accentuated if tax reductions were put in effect, while Federal expenditures would be increasing under previously authorized programs. Thus, it would appear highly undesirable at such a time to increase Federal financial commitments. Federal financial assistance to States and municipalities at such times would simply replace rather than supplement financing from other sources.

In this connection, it is appropriate to observe how one of the major present Federal lending programs operates to substitute Federal financing for financing which is readily available from other sources. The community facilities loan program (42 U.S.C. 1491–1493) authorizes long-term Federal loans to municipalities for community facilities at an interest rate determined under a formula in the law (presently 3⅝ percent except in redevelopment areas where it is 3⅜ percent) if the financial assistance applied for is not otherwise available on reasonable terms. The determination of what constitutes "reasonable terms" is made administratively and was established in September 1961 at 3⅞ percent for 30-year maturity bonds, reduced one-eighth of 1 percent for each full 5 years shorter maturity, but not less than 3⅝ percent (one-fourth of 1 percent lower in redevelopment areas). This administratively determined "reasonable" rate is too low in relation to current market interest rates. In effect it declared unreasonable:

(*a*) The yield at that time on U.S. bonds of comparable maturity.

(*b*) For new issues of municipal bonds sold in the open market during the 6-month period January–June 1961: 14.3 percent by value and 25.2 percent by number of issues maturing 1–20 years; 37.8 percent by value and 42.1 percent by number of issues maturing 21–25 years; 31.7 percent by value and 48 percent by number of issues maturing 26 years and over.

When $4 million of Charleston, W. Va., sewer revenue bonds were advertised for bids on July 31, 1961, seven bids were submitted by investment bankers, the best bid providing a net interest cost of 3.9453 percent. However, a representative of the CFA present at the opening of bids let it be known that his agency might provide the financing at a lower rate of interest. When the bonds were readvertised for bids on November 20, 1961, pursuant to a CFA commitment to buy any of the issue that was not purchased by other buyers at at net interest cost of 3⅝ percent or lower (the so-called reasonable rate applicable in a redevelopment area) investment bankers purchased $485,000 of the early maturities and the CFA proceeded to buy the balance of about $3.5 million.

The important point here is that the entire $4 million loan could have been provided without Federal assistance at an interest rate which was in line with the prevailing market rates at the time. The facts clearly refute a statement by a Federal official that the city, on the basis of past experience, expected bids at an interest cost of 3 or 3¼ percent. On the two preceding issues of Charleston sewer revenue bonds in 1955 and 1957 (which had comparable maturities), the interest rates obtained were close to Moody's Baa Municipal Index at those times, so that Charleston would expect to obtain an interest rate close to that index on its sewer revenue bonds. On the date in question

Moody's Baa Index indicated an interest rate between 3.9 and 4 percent, so that the best bid submitted by investment bankers (3.945 percent) was in the range to be expected by the city. We have been informed that the financial adviser for the city was prepared to recommend that the city accept the bid of 3.945 percent until the city was informed that the CFA might provide the financing at a lower rate.

Such substitution of Federal financing for that which is available from other sources at reasonable rates is contrary to our system of government and is contrary to the express provision in the law that no Federal loan shall be made under the program unless the financing is not available from other sources on reasonable terms. Consequently, it is important when considering any similar program of Federal assistance to avoid such unnecessary substitution of Federal financing, particularly at a time when we are confronted with problems of balancing the budget and meeting an adverse balance of international payments.

The requirement in S. 2965 that the project can be initiated within a reasonably short period of time and the requirement in S. 2817 that no funds shall be made available to any State or local government unless the projects results in a net increase in the current annual level of expenditures of such government for capital improvement projects would not avoid substitution of Federal financing for that available from other sources because (*a*) proceeds of municipal bond sales (increasing automatically on a contra-cyclical basis as indicated by past experience) could initiate construction projects just as quickly as Federal funds and (*b*) since most new capital improvements by a local government would increase its level of expenditures for capital improvements, Federal funds normally would not increase the level of such expenditures above that which would be obtained by regular municipal financing from private sources.

(*3*) *Existing Federal financial assistance programs provide funds to accelerate capital expenditure programs of the Federal Government and local Governments*

It is not necessary to detail here the billions of dollars authorized for direct expenditure by the Federal Government on public works and military construction. However, since the primary emphasis of this statement is on the lack of necessity for additional Federal assistance to State and local governments, it is appropriate to summarize briefly some of the presently authorized programs which could be used to accelerate capital expenditures by States and municipalities. Some of the major Federal grant programs are the following, which include varying requirements for matching funds by the State or local government:

(*a*) Urban renewal capital grants of $2 billion are authorized to help defray the net cost of projects. (This amount authorized under the Housing Amendments of 1961 is in addition to $2 billion previously authorized.)

(*b*) The Federal Highway Act of 1956 as amended by the Federal Aid Highway Act of 1961 authorizes Federal grants of $2.4 billion in the fiscal year 1963 for the interstate system (on a 90 percent Federal-10 percent local basis). Grants of $925 million are authorized for the primary, secondary and urban highway systems for the fiscal year 1963 (on a 50 percent Federal-50 percent State basis). The Federal grants authorized for the Interstate System increase each year, reaching $3 billion in fiscal 1968 and continue through fiscal 1971.

(*c*) The Water Pollution Control Act authorizes Federal grants of $90 million in the fiscal year 1963 to States and municipalities for water pollution control facilities. Federal grants of $100 million in each of the fiscal years 1964 through 1967 are authorized.

(*d*) The Federal Airport Act authorizes Federal grants of $75 million for airport construction in the fiscal year 1963 and an identical amount for fiscal year 1964.

(*e*) The Area Redevelopment Act of 1961 authorizes Federal grants of $75 million for public facilities in qualified redevelopment areas.

(*f*) The Hospital Survey and Construction Act authorizes $150 million for the construction of public and other nonprofit hospitals in each of the fiscal years through fiscal year 1964. The Medical Facilities Survey and Construction Act authorizes in each fiscal year through 1964 $20 million of grants for construction of public and other nonprofit diagnostical treatment centers; $20 million for construction of public and other nonprofit hospitals for the chronically ill and impaired; $10 million for the construction of public and other nonprofit rehabilitation facilities; and $20 million for the construction of public and other nonprofit nursing homes.

Similarly, existing Federal loan programs to assist local governments or educational institutions include the following:

(*a*) The community facilities loan program, as amended by the Housing Act of 1961, authorizes $500 million of low interest rate Federal loans to municipalities for community facilities (in addition to $150 million previously authorized).

(*b*) The college housing loan program, under amendments in the Housing Act of 1961, authorizes low interest rate Federal loans of $300 million in each of the fiscal years from 1961 through 1964 (an aggregate of $1.2 billion in addition to the previous authorizations of $1.675 billion).

(*c*) The Area Redevelopment Act of 1961 authorizes $100 million of Federal loans for public facilities in qualified redevelopment areas (in addition to $200 million for Federal loans for industrial facilities in redevelopment areas).

(*d*) The Watershed Protection and Flood Prevention Act authorizes low interest rate Federal loans by the Farmers Home Administration to municipalities, including water conservation, irrigation, drainage and flood prevention or control districts, to finance water supply reservoirs, flood control dams and reservoirs, irrigation lands and rural water supply and distribution systems. The maximum permissible is $5 million for any one project.

(*e*) The Consolidated Farmers Home Administration Act of 1961 authorizes the Farmers Home Administration to make or insure loans to municipalities, including irrigation, drainage and water supply districts for soil or water conservation projects.

Thus, in only these programs the Federal Government already has authorization for the fiscal year 1963 alone to make grants aggregating close to $6 billion for assistance to States, local governments and educational institutions for public facilities, and authorization to make loans aggregating over $1 billion in the fiscal year 1963 to municipalities and educational institutions for various forms of public facilities.

Furthermore, the proposed College Academic Facilities Act as it passed the House on January 30, 1962 (the bill also passed the Senate with amendments and is presently awaiting reference to a conference committee) would authorize Federal grants of $180 million for each of 5 years (an aggregate of $900 million) and Federal loans of $120 million for each of 5 years (an aggregate of $600 million) to institutions of higher learning for the construction of academic facilities. Also, the proposed School Assistance Act as it passed the Senate would authorize Federal grants of $850 million in each of 3 years (an aggregate of $2.55 billion) for classroom construction and teachers' salaries in public elementary and secondary schools.

These substantial authorizations for Federal grants and loans provide adequate funds for the Federal Government to accelerate capital outlays by States, municipalities and educational institutions at any time, if such action should be deemed necessary and desirable. Accordingly, it is unnecessary and undesirable to adopt the additional program proposed in S. 2965, S. 2817 or similar bills.

(*4*) *The most effective stimulus in a recession would be a reduction in Federal personal income taxes*

In the event of a recession, certain so-called built-in stabilizers, principally the automatic decrease in income tax revenues and the automatic increase in unemployment benefits, operate without action by either the executive or legislative branch of the Government. However, if an additional stimulus to the economy is needed, we believe that the most immediate and most effective device would be a reduction in individual Federal income taxes, which would operate immediately to increase spendable income. This device would have the great advantage of operating to invigorate the private segment of the economy, which would need the greatest stimulus.

In this connection it should be noted that the staff report by the Bureau of the Budget, previously cited, regarding "Federal Fiscal Behavior During the Recession of 1957–58", rated the major contracyclical policies employed in the 1957–58 recession. It states that the so-called built-in stabilizers had the greatest relatively economic impact and, indeed, that they had the additional advantage of good reversibility when the recovery period began.

CONCLUSIONS

(1) State and local government financing of public facilities through bond sales continues at record levels.

(2) Financing through bond sales and construction by local governments operate automatically on a contracyclical basis, increasing in recession periods.

(3) Existing Federal financial assisting programs already provide substantial funds to accelerate capital expenditure programs of the Federal Government and local governments.

(4) The most effective stimulus in a recession would be a reduction in Federal personal income taxes.

Consequently, we submit that it is unnecessary and undesirable to adopt S. 2965, S. 2817 or similar programs authorizing addition Federal financial assistance to States and municipalities for the construction of public facilities.

Senator KERR. Let me say to the Senator from Michigan that the Senator from Oklahoma was only attempting to express the viewpoint that this bill, instead of putting the Government in competition with the investment bankers, would actually increase their business.

Senator MCNAMARA. Because they would finance it in any event.

Senator KERR. They would finance all of the projects that would be brought into being by this act would provide an opportunity for financing by them, then that community would not be eligible to come to the Government for the financing part of it, the local borrowing. So that instead of this hampering their business, I would say that this would considerably accelerate their business.

Is that not your understanding, Mr. Batt?

Mr. BATT. Yes, sir.

Senator MCNAMARA. Nevertheless, according to their letter, they think the legislation is unnecessary and this is their statement here.

Senator KERR. Well, we have made the statement a part of the record.

All right, Mr. Batt.

Are there any questions over here?

Senator FONG. Yes, Senator Kerr.

Mr. Chairman, I was very interested in what you said about the price of municipal bonds. Following that same line of thinking, I have not read the letter from the American Bankers Association——

Senator KERR. This is the investment bankers.

Senator FONG. From your statement there is a lot of municipal financing by banks due to the fact that they are able to secure a better return on their money because they are paying out 3 percent on their money now and probably on municipals they can get 2 percent. I am quite interested in that because I have here a case in which, for example, if a bank were to gross $300,000 before taxes, and its taxes would be 52 percent, or 50 percent, it would net $150,000. But if this bank were to go out and get another $10 million at 3 percent which it is paying out, it would wipe out this $300,000, therefore, it has no profit on which to pay taxes.

So one goes out and buys municipals. Say municipals bring it 2 percent and he comes out with a net income of $200,000 versus the $150,000.

Senator KERR. That is the principle. That is an illustration of the principle.

Senator FONG. Now with that principle and with the amount of money that is now in the banks because of the increase in bank loans, in bank deposits, due to the fact that the banks are paying higher interest rates, there is a lot of money in the banks now and there is a question on my mind as to whether the communities could not go out and float these projects because of the very, very low rates of interest on their bonds.

Mr. BATT. Well, sir, we find that the communities that come to us—we of course ask them this question first when they come to us: Is money otherwise available at reasonable rates? The answer that we get, of course, or have been getting in most of these areas, which of course you must realize are enormously hard hit because of the decline of the economic base of the community——

Senator FONG. Yes.

Mr. BATT (continuing). Is that it is not otherwise available. I note for instance, on page 24 of the overall economic development plan for the county of Hawaii that the visitor destination areas in our Hawaiian study, part 3, first stage plans for public improvements, shows the need for 19 projects in west Hawaii totaling $9,446,800, and 10 projects in east Hawaii totaling slightly more than $3 million, for a grand total of public facilities improvement cost for the county of nearly $12½ billion.

Now, it may be that some of these can be financed through private sources, but we know that on the one which we are familiar with, the one which will open up, we hope, a large development of west Hawaii in and around Kona for what looks to us to be the great future tourist area, perhaps of the entire State of Hawaii, they have come to us and told us that these funds are not available from any other source for this sewer line.

Senator FONG. Of course, if they could get the Federal Government to grant them 50 percent of the money, naturally they would come to the Federal Government and ask the Federal Government to make this available to them.

Mr. BATT. Well, under the Area Redevelopment Act, which we are operating with, of course we make it perfectly clear to applicants that we are only able and empowered to make a grant for such of the project cost as cannot be financed in any other way. Where a community has the capacity to repay the Federal Government, financial assistance for a public facility project under our act must be in the form of a loan; and the balance, if any, is made up in the form of a grant. The applicants feel that this particular project, which is very basic to the economic redevelopment of Hawaii County, can only be accomplished with Federal assistance. They believed that when I was out there, Senator, and I talked to them at some length about it last summer.

Now, some of the $12½ million needed by Hawaii County may be financable from private sources, but, obviously, it has not been done yet.

Senator FONG. I understand it. With the present state of the money market now, it seems this is a good time for them to go out and float bonds.

Mr. BATT. And of course we would encourage them to do so. And, what I think much of the banking community does not realize, is that when you break a bottleneck to a new development, like the tourist

development of west Hawaii and of Kona, by some basic public facility project of this character, you will open up all kinds of opportunities for new investment.

Senator FONG. We understand. We understand the consequences of opening up——

Mr. BATT. The banks would participate in such opportunities, Senator Fong. The insurance companies would participate in it; the savings and loan associations would participate in it with the determination that there is—out in Hawaii—we have had more and steadily more effective, comprehensive planning from the State of Hawaii than from almost any State in the Union.

My hope is that, with the development that you folks expect to get in western Hawaii, this can open up something that may be like Waikiki in another 5 or 10 years.

Senator FONG. There isn't any question that if the money were provided and if the Federal Government were to come in with 50 percent of the amount of the project, that there will be tremendous development in the islands. But the question remains that that same thing prevails all over the United States. If the Federal Government were to come in with 50 percent, we would necessarily create a lot of activity and there would be much work to be accomplished. But the question which is in my mind is a question as to whether these communities, at the present time, with the low rate of the money market, could really finance these projects themselves.

Mr. BATT. Well, all I can say is that the vice president of the Bank of Hawaii has signed the report saying that they cannot. So I assume that they want this kind of assistance from the Federal Government and I assume he knows the money market there better than we do.

Now, we, of course, check this out on every particular project and they feel, and we require, that the funds not be available from private sources. We have sent a large number of projects to other existing agencies of the Federal Government and to private sources.

Senator FONG. If you ascertain in your mind that it is impossible or that the community is unable to finance these projects 100 percent, do you automatically give them a 50-percent grant?

Mr. BATT. No; under our act, this depends entirely on the capacity of the community and other non-Federal sources to pay.

Senator KERR. There are a lot of rules of eligibility that have to be met, are there not?

Mr. BATT. Oh, yes, sir. If I may, I would like to defer the answer to that question to Mr. Conway, who will testify afterward, because the Congress specified that, and therefore, we use existing agencies to help us make these decisions. And since the Community Facilities Administration has been in the business of loaning to communities for a long time, we use them. And we abide by their recommendation. You are going to hear from them next, and they can tell you how they recommend as between grants and loans.

Senator FONG. You say Mr. Conway will answer that question?

Mr. BATT. Mr. Conway, I trust, will answer that question.

But I would just like to say that Senator Chavez' amendment to S. 2965 would permit us to meet the needs of hard-hit communities.

Senator FONG. The bill goes farther than that. Under paragraph

(c), it gives the President the authority to provide a 100-percent grant, does it not?

Mr. BATT. Yes, sir; it does. And, again, this has been and it is in effect the authority we have now under our act. It has worked very well. It is for a bankrupt community like Smith Township in western Pennsylvania. The average for grants and loans that have been made is 50–50. Some of them are more loan than grants and some of them more grants than loan. It depends upon the capacity of the community to repay and that judgment is made for us by CFA of the Housing and Home Finance Administration.

Senator FONG. How many grants have been 100 percent?

Mr. BATT. I do not know, sir, but I would be happy to find out and let you know.

Senator FONG. Would you give us that?

Mr. BATT. Yes, sir.

(The following information was submitted:)

THOSE PUBLIC FACILITY PROJECTS OF WHICH THE ENTIRE FEDERAL SHARE OF THE AGGREGATE PROJECT COST IS IN THE FORM OF A GRANT UNDER SECTION 8 OF THE AREA REDEVELOPMENT ACT

As of April 9, 1962, 10 public facility project proposals had been approved for financial assistance by the Area Redevelopment Administration. The entire Federal share of the aggregate project cost of only one of these projects, a science research center, is in the form of a grant under section 8 of the Area Redevelopment Act. The remaining 9 projects involve either a combination of ARA loans and grants or ARA loans alone.

The financing of the single project referred to above was in the form of a grant for $400,000 and was approved on April 6, 1962, for Wilkes College in Wilkes-Barre, Pa., in order to construct a science research center. The ARA grant is conditioned upon firm assurance from the college that it has $500,000 in cash or pledges for the construction of an adjacent graduate center. It is estimated that the science research center will provide 250 direct permanent new jobs and will have an annual payroll of $1.4 million.

Senator KERR. Senator Gruening?

Senator GRUENING. Mr. Batt, do you feel that the $600 million sum stipulated in this legislation is adequate to do the job?

Mr. BATT. I feel, sir, that it can make a very real contribution. It is adequate to do a very substantial part of it. I think it is large enough to be meaningful. If our experience and if the reports and requests that we have had from these parts of the community are any guide, we think it is a good figure.

I think that we are going to have to learn from experience just as we have under the Area Redevelopment Act, where, really, the Congress made some careful studies, but we never knew which items would be adequate and which would be inadequate and we are finding some are adequate and others are not, are short.

Senator GRUENING. I would say to you that I think you have made a very good start in your area redevelopment, judging from the moves that have been made in Alaska. But I am wondering whether this, your legislation and this proposed bill, will really take care of what I think is the most pressing national problem, and that is unemployment. I will take the view that we should move all out to put an end to unemployment, give people jobs who want to work. The administration is asking for approximately $5 billion to do such jobs on a much broader scale abroad, and I am wondering whether we should not bring those figures a little closer together—if we are being asked

to spend $5 billion added to everything we have already spent, and that is only this year, and we are going to be asked for more next year—whether $600 million is not a little unrealistic for this purpose.

Mr. BATT. It is certainly an adequate enough figure so we can make a good start and if it proves inadequate, the Congress can increase it.

Senator GRUENING. Well, you will agree, then, that this is a start and not necessarily a final solution?

Mr. BATT. No, sir; I am exceedingly hesitant to prescribe final solutions, but I think this is large enough to make a very meaningful contribution to the solution of unemployment. We are talking about 1 million unemployed in redevelopment areas (which are the red and pink areas on the map behind Senator Miller), and we are talking about another million unemployed in other areas, having substantial labor surplus.

Senator GRUENING. The red areas are the unemployed?

Mr. BATT. No, sir. The red areas are the areas eligible for help under our Area Redevelopment Act.

Senator GRUENING. You notice the color of Alaska, do you not? It is brilliant crimson all through.

Mr. BATT. Yes, sir. These are the areas which are eligible for help under our act. These are the long-term chronic and persistent labor surplus areas.

Now, the Chavez amendment proposes to include not only the areas eligible for help under the Area Redevelopment Act, but also the areas which have had substantial unemployment for a year or more. This would add the areas that we have outlined in blue, which are a great deal less in real estate but more in people than the redevelopment areas. There are in the red areas (redevelopment areas) a million unemployed and in the blue areas (nonredevelopment areas of substantial labor surplus) another million unemployed.

Senator GRUENING. I was presented some figures yesterday which indicate that Alaska has the largest percent of unemployed of any State in the Union. It is an overall average of $17\frac{3}{10}$ percent. But there are areas where the unemployment rate as of 2 weeks ago was $27\frac{6}{10}$ percent and $39\frac{6}{10}$ percent, which is pretty shocking. In the two areas which were excluded from the benefits of the Area Redevelopment Act, Juneau and Sitka, the figures are $10\frac{2}{10}$ percent and $12\frac{8}{10}$ percent, which I think is still pretty high.

Mr. BATT. If they have had that for the past year, they would be eligible for help under the Chavez amendment.

Senator GRUENING. Well, they have and I hope they will be included, and I would like to suggest that you look into this matter.

Mr. BATT. We will be happy, sir, to look into it and let you know.

Senator GRUENING. Thank you very much.

(The following information was submitted:)

INFORMATION RELATING TO THE DESIGNATION AS REDEVELOPMENT AREAS OF THE JUNEAU AND SITKA ELECTION DISTRICTS, ALASKA, UNDER SECTION 5 OF THE AREA REDEVELOPMENT ACT

Designation of areas of substantial and persistent unemployment, under section 5(a) of the Area Redevelopment Act

The data required to enable the Secretary of Labor to make a finding as to the unemployment rates in these districts, for the purposes of section 5(a) of the act, consist of the annual average total of insured unemployment rates for calendar, rather than fiscal years. The Area Redevelopment Administra-

tion does not designate such areas under section 5(a) of the Act until such a finding has been made.

About a month ago, labor market reports covering the Juneau and Sitka districts were submitted to the U.S. Bureau of Employment Security by the Employment Security Division, Alaska Department of Labor. Both of these reports were incomplete and data needed by the U.S. Bureau of Employment Security to complete them had been requested of the Alaskan agency. No meaningful evaluation of labor market conditions in these districts can be made until the additional data are received.

Designation of areas which are among the highest in numbers and percentages of low-income families and in which there exists a condition of substantial and persistent unemployment or underemployment under section 5(b) of the Area Redevelopment Act

The Juneau and Sitka election districts, except for the incorporated limits of Juneau and Sitka, have been designated as Indian reservation-equivalent areas.

Otherwise under section 5(b) of the act, the Juneau and Sitka election districts (1) each have a median family income that exceeds the national median family income, as determined by the Bureau of the Census, U.S. Department of Commerce, (2) did not have a sufficient rural farm population to provide reliable data,[1] and (3) need to have additional data submitted about them to the U.S. Bureau of Employment Security by the Employment Security Division of the Alaska Department of Labor, as indicated in the first and second paragraphs herein.

Because of the above-stated reasons the Juneau and Sitka election districts do not now appear to be eligible for designation under section 5 of the Area Redevelopment Act other than as indicated above. However, information relevant to the designation of the Juneau and Sitka election districts will, of course, continue to be closely followed.

Mr. BATT. I might say the Alaska people are working very effectively, preparing their overall development plans; they have come in with some specific projects and we are encouraged by the amount of participation there is at the grassroots level.

Senator GRUENING. Well, we are very pleased with the cooperativeness which your administration has shown in helping us get started.

Mr. BATT. If you would like, sir, I would be happy to include a report on the present status of overall development planning in Alaska.

Senator Gruening. Thank you.

(The report referred to is as follows:)

PRESENT STATUS OF OVERALL ECONOMIC PLANS IN ALASKA

District 1 (Prince of Whales): No organization to date.

District 2 (Ketchikan): OEDP approved. Jim Pinkerton, chairman. Also, chairman of 44-man State advisory committee. Clerk-stenographer training program approved.

District 3 (Wrangell-Petersburg): ARA being organized.

Districts 4 and 5 (Sitka and Juneau) (Indian villages): Not designated.

District 6 (Skagway): They are organized and have ARA committee.

Districts 7 and 8 (Cordova and Copper River Valley): ARA organized and they have submitted an OESP.

District 9 (Palmer-Wasilla): They are organized and OEDP being worked on. Possible technical assistance as well as training grant for hardwood company in Wasilla.

District 10 (Anchorage): They are organized and OEDP approved. Have two training programs—clerk-stenographer and electronic-mechanical.

District 11 (Seward): Organized and OEDP being approved and submittal of a marine repair project. Another proposed project after OEDP approval is a shrimp processing plant of $38,400, Seward Seafoods, Inc.

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[1] See "U.S. Census of Population: 1960. General Social and Economic Characteristics, Alaska." Final report PC(1)–3C, p. 3–110, table 93, among others.

District	Name	Status
12	Kenai Peninsula	Submitted partial organized OEDP from 1 group.
13	Kodiak	Being organized.
14	Aleutian Islands	Organized and OEDP approved Apr. 12, 1962.
15	Bristol Bay	Is being organized.
16, 17, 24	Bethel, Stony River, McGrath, Wade-Hampton.	OEDP being prepared; sawmill project to be submitted.
18	Necomb	No organization; recommend it be organized with district 19, Fairbanks.
19	Fairbanks	OEDP approved. Brice Sawmill & Lumber Co. $200,000. SBA and ARA pending approval on Brice Lumber Co. $129,000, ARA; $71,000, SBA. Technical survey of $1,500 approved and submitted. $6,850 technical assistance project for analysis of agriculture market and processing facilities grant. Hospital request for grant of $3,780,000 and $450,000 loan request.
20	Upper Yukon	Not organized.
21	Point Barrow	OEDP in process; projects involve natural gas, tourism, and seafish.
22	Kotzebue	Not organized to date.
23	Nome	OEDP being prepared.

Senator MILLER. Mr. Batt, you mentioned that the area redevelopment program was making promising progress. How often do you people have a progress report?

Mr. BATT. Every week, sir.

Senator MILLER. Do you have a progress report giving the number of people who have been directly employed as a result of the program?

Mr. BATT. We have, sir, the last progress report, and I will be happy to make it available to you. There have been 123 projects approved from 28 States and American Samoa involving 6,134 direct new jobs, not counting the indirect employment, which I mentioned is usually equal to the number of direct jobs, according to the chamber of commerce.

Senator MILLER. Did you say 6,000?

Mr. BATT. 6,134 jobs involving $10,121,537, and involving also 6,832 worker-trainees. This last number may involve new jobs also because the vast proportion of these trainees are being placed when the training is completed, Senator. They are being put to work and taken off relief and off unemployment insurance.

Senator MILLER. Do you know whether or not the 6,000 are presently drawing paychecks?

Mr. BATT. No, sir; I would say almost certainly they are not, because, when we loan money for a building, the building then has to be constructed and the people have to be trained and the machinery has to be purchased and these people have to be then put to work. So we know that the project has been given after very careful screening, final approval and that the project is in process—people have been hired in some cases, this I know; and are being trained in some cases; this I know.

Senator MILLER. I was wondering if you might have some figures as to how many are actually employed or drawing paychecks as of your last report.

Mr. BATT. No. We do not.

Senator MILLER. Can you get those figures for us?

Mr. BATT. We will certainly try to, sir. This will have to be through the Employment Service. It will not be an easy figure to obtain, but I will try to find it, see if I can.

Senator MILLER. Now, another question:

On page 5, you referred to 1,132 need-now projects. I must say I was rather impressed by the example of Carbondale, Ill. I am wondering, is it your evaluation of these 1,132 projects that they are going to have a similar effect upon the local communities to the Carbondale project?

Mr. BATT. They will have something of this effect, sir, although the Carbondale loan, under the ARA program, was to a private business, which is providing permanent jobs. I tried to make the distinction that the public works that are needed are essential. The employment effect also has a multiplier effect, but obviously these are not—they do not have as much immediate benefit as the loan in the Carbondale area, which was to a private business.

Senator MILLER. Now, on this Carbondale project, I notice that the Government made a $455,000 loan.

Mr. BATT. Yes, sir.

Senator MILLER. Do I understand that that amount of money was unavailable locally by the community or by the business?

Mr. BATT. That is correct, sir. The community borrowed all they could from the two banks in their community up to what we were informed was the banks' legal limit. That is in the loan. The $455,000 we put in, together with about $2½ million of additional private and public local investment.

Senator MILLER. I would like to explore just a little bit with you this idea of unavailability of private financing. I assume that local bonding limits would be a factor.

Mr. BATT. I would assume so, sir. I would suggest, if I may, that you would get much better information from the CFA people of the Housing and Home Finance Agency who will follow me here, because they are in municipal finance and they make our banking judgments for us on all the public facilities loans and they would obviously do the same thing under this proposed act—municipal financing is a closed book to me.

Senator MILLER. I have two more questions, then.

Now, you have classified these 1,132 projects as need-now projects?

Mr. BATT. No, sir. I have not classified them. They have been so indicated to us by the communities who have made these reports.

Senator MILLER. Well, does your agency have any standard for evaluating such a classification?

Mr. BATT. Oh, yes; we study them, each one of them and we have to approve the overall economic development plans when they come in from the communities around the country.

Senator MILLER. I understand, but I mean as far as the need now.

Mr. BATT. This was an analysis to give us an indication of what need existed for public works. It is a subjective evaluation by our experts, yes.

Senator MILLER. Do they have a standard as to what is a need-now project? For instance, suppose one town in Florida comes in and says we have evaluated this and in our judgment, we need it now, and another town, say out in Colorado, comes in and says "In our judgment, we need it now." But as a matter of fact, there may be different circumstances and different situations.

Mr. BATT. Yes, sir; but the great saving grace here is that the community itself has to come in not only with the judgment, but it also has to come in with a large part of the financing. That means

they have to go to their people and they have to get it voted, and, obviously, if the need is not a broadly felt need in the community, they are not going to be in a position to come in and apply to us for help.

Senator MILLER. Well, but you may do a different amount of the financing before you——

Mr. BATT. Yes.

Senator MILLER. And I can see where one community, with the idea of getting a 50-percent assistance and another with only a 10-percent assistance, the first one might feel they need it much more if they can get 50 percent from the Government than the other does if it can only get 10 percent.

Mr. BATT. Well, sir, we find that this fear of Federal programs being exploited by communities for a free ride on a gravy train is a fear that is vastly overrated. We talked to the industrial developers and the mayors and the bankers and the businessmen of these communities and their needs generally are so obvious that they would be obvious to anyone on a very cursory analysis. Their backlog of needs is very great. To take my own State of Pennsylvania, which is relatively well developed, the backlog of needs for sewage disposal plants on the Susquehanna River, running right through the capital city and the rest of the State, is enormous. This is true all over the United States. The way we are polluting our streams is, as you know, shocking and the need for sewage treatment plants is a very real one, a very acute one; one that is vastly underfinanced, that has been so for years. You can go to any State health commissioner and he will tell you this. I called my own State of Pennsylvania to check my remembrance of the facts. We found this to be true.

Senator MILLER. Pardon me, Mr. Batt. You said this was for years this way. It has been this way for years?

Mr. BATT. There has been a backlog in these areas of valid, desperately needed public projects.

Senator MILLER. This is my point, Mr. Batt. The phrase "need now" is what bothers me, because I know in some personal instances where there are projects which 5 years ago could have been classified as "need now" and still they have not even been started and I presume they would be classified "need now," too. So the question is: What does this "need now" mean?

Mr. BATT. Presumably "need now" in our judgment is something which is needed now and has not been fulfilled, has backlogged because of unavailability of funds. S. 2965 as amended would enable us to catch up on some of that desperately needed backlog. We need hospitals in many of these areas, we need sewer and water systems. I never had any idea of the number of communities in the United States who have no sewer and water systems until we got into this program. I just picked these up. We have a roomful of these and there is scarcely an overall economic development plan from any community in redevelopment areas, which you can see there on the map, and that includes an awful lot of the United States, which does not come in to us saying that their communities are badly in need of sewer and water systems. It does not seem to me that one has to make a long statistical or economical analysis on the need for sewer and water systems to prove the point.

Senator MILLER. Then tied in with Senator Gruening's question, it would seem to me if all these communities came in with their need-now projects, this $600,000 would be a trifle.

Mr. BATT. Mr. Miller, if you want to sponsor an increase in the amount, I personally would not oppose it.

Senator MILLER. I might sponsor it if you will respond to a couple of additional questions I have.

Tied in with this question of Senator Gruening's, if $600 million is only going to be a trifle and you had $6 billion of "need now" projects requested, how are you going to establish the priorities if they are all "need now?" Do you start back at the first time they began and take the more senior "need now" projects? I am trying to find out from you what standard your agency would propose to use in something like this.

Mr. BATT. We found under our program that the establishment of priorities has been so unnecessary that we have taken them on a first-come, first-served basis. The amounts provided for something related to this in our act have been so far adequate. My estimate is, as I tried to indicate to Senator Gruening, that the $600,000 will make a meaningful contribution to accelerate the public works backlog in these areas of the United States, and to help solve the unemployment which exists in these areas today.

The figure may be too low, it may be too high. I think after the Congress looks at this, after we have had some experiences with it, they will have a much better idea of the adequacy of it.

Senator MILLER. Do I gather from your answer, then, that if the project has been classified as a need now project, the priority of attention given to that is on a first-come, first-serve basis?

Mr. BATT. That is correct, sir. I think your act would provide, as I read the Chavez amendment, that there might be some priority given to the pink areas on the map, where the unemployment is of a longer duration. If you had to choose, I think that is the basis on which you would choose.

Senator MILLER. As I understand it, this $600 million is in the budget.

Mr. BATT. You had the budget commissioner yesterday, sir.

Senator MILLER. I believe it is in the budget.

Mr. BATT. I can not speak to that.

Mr. MILLER. Assuming it was in the budget, the budget was placed on a balanced basis. If factors occur as a result of which it appears that the budget would become unbalanced, would it be your recommendation, nevertheless, to go ahead with this $600 million?

Mr. BATT. Well, of course, sir, the thing that would unbalance the budget would be the onset of another recession or unless we have an increase in international tensions which would require an increase in defense spending. But the thing that really unbalances budgets, and that unbalanced President Eisenhower's budget, is when the country goes into a major recession; the revenues fall off by substantial and unpredictable amounts. So my guess is, if there is a serious imbalance in the budget, the factor will be a turndown in the national economy, in which case you will not have to worry about the $600 million; you will be going into your trigger for the $2 billion standby program.

Senator MILLER. Well, regardless of the factors——

Mr. BATT. I would not——

Senator MILLER. Regardless of the factors that would enter into it, assume that there is going to be—that Dr. Heller advises us that we are going to have an unbalanced budget, let us say, of $2 billion or $3 billion. It would be your recommendation nevertheless to proceed with this $600 million?

Mr. BATT. Of course, I think that this kind of public works spending is one of the best things that the Congress and the executive can do, the Federal Government as a whole can do, to speed the recovery and to get our budget in balance more quickly.

Senator MILLER. Then it would be your recommendation to proceed regardless of the impact on the budget.

Mr. BATT. It would be my recommendation to proceed obviously on the President's recommendation.

Senator MILLER. Well, this budget was prepared prior to the latest reports we have been receiving about the possibility that we may have an unbalanced budget. The assumptions with which this budget came over may have been changed in the meantime. That is the reason for my questions to you, whether you support this bill, if these assumptions have changed; whether the recommendation should be followed nevertheless as far as you are concerned.

Mr. BATT. Well, the status of the budget is something on which Mr. Bell and Mr. Heller I presumed testified yesterday. I can only say that the thing which will put our budget in good health is the same thing that will put our country in good economic health and that is putting people back to work, and it is my judgment that the Chavez amendment in particular will make a very substantial contribution to putting the people back to work in areas of need, and therefore help to balance the budget in those areas, where unemployment is most sereve and most critical and has not been liquidated as a result of the recovery we have had from the last recession.

Senator MILLER. So we could say, then, that even though the assumptions of a balanced budget for this next fiscal year might have changed, that it would nevertheless be your recommendation to proceed with the Chavez amendments.

Mr. BATT. I will stand on my statement if I may, sir.

Senator MILLER. Now, the last question, as I understand the Chavez amendment, it envisions employment for 1 year as these are 1-year projects. What is your thinking about what these people are going to do after they have wound up that 1-year project?

Mr. BATT. Well, two things occur to me, sir. One is that in the blue areas, (nonredevelopment areas of substantial labor surplus), which are suffering from heavy unemployment primarily as a result of the recession, we would hope at the end of this 1-year period the recovery would have progressed to a point where there would not be any more blue areas on the map. That is half of your problem. There are 1 million unemployed in those areas.

In redevelopment areas, these are the areas which, of course, traditionally have not responded to national recovery.

I am sure that we will still have unemployment in these areas. The factor which will tend to operate to reduce that unemployment will be the Chavez amendment plus the fact we will have another year behind us under the Area Redevelopment Act.

Now, of course, Congress gave us under our act 4 years to produce results and come back to Congress for another look-see. So that I

am not saying we are going to liquidate the area unemployment problem in the United States at the end of a year and a half's experience. But I do think that we will have liquidated some of it and, as a matter of fact, I see there are areas which are on their way to a position where they pretty well have liquidated their unemployment already.

So that I would think that the end of a year is a time that Congress would want to take another look at the problem.

Senator MILLER. Well, then, I would like to ask one final question. On the basis of what you have indicated regarding the desirability of putting these people to work and the hope that this would contribute to the balanced budget, if not this year, in the following year, and following on Senator Gruening's questioning which to me was quite responsive to the problem, would it be your recommendation that instead of the $600 million of the Chavez amendment, that perhaps it should be $1 billion or $2 billion?

Mr. BATT. I am perfectly happy to stick with the President's recommendation, Senator Miller, and see what experience we have. I am satisfied that it is large enough to make a very substantial contribution to reducing unemployment in these areas.

Senator MILLER. Thank you, Mr. Batt.

I have no further questions, Mr. Chairman.

Senator KERR. Any questions, Senator Long?

Senator LONG. I should like to ask to what extent your agency covers the offshore areas, the Virgin Islands, Guam, and East Samoa?

Mr. BATT. We cover them all, sir. Congress specifically wrote them into the act, and I might say that the study which you and Senator Gruening made of Samoa was most helpful. We have approved a technical assistance project at the request of the American Samoa people to put the man who made that study down into American Samoa and help them become more self-sufficient in their agriculture.

Guam is also included, and we have had conversations with the Governors to see in what way our act might be utilized to help them solve their problems which, of course, are exceedingly tough, long-term problems of diversification and greater self-sufficiency.

Senator LONG. Have any allotments of funds actually been made?

Mr. BATT. Yes, sir, $10,000 has been made to a technical assistance project for Samoa, to send that same man from the Department of Agriculture whom you used and whose study impressed us so much, out there to see if he could implement the study that was made by you two Senators. That is the principal one to my knowledge.

Just let me check with my staff.

No, sir. We have not made any others. We are most anxious, of course, to see projects in those areas and we have been down to Puerto Rico, one of our top executives, and had a briefing session with the people there.

We have talked to the Governor of Guam at some length about his problems, and we feel that this act primarily in its technical assistance aspects may be very helpful. It might—it hadn't occurred to me until you raised the question—but it might be, since basic public works are so essential a part of the problem in many of these areas, that this Chavez amendment might be exceedingly helpful to them, too.

Senator LONG. Now, you have in Hawaii a county-by-county study, I am assuming. The conversations all centered around the county

of Hawaii which, of course, is the big one, but second in population, and rather small as compared with the city of Honolulu. You have those records for the four counties. I would be interested in having that record supplied by a member of your staff.

Mr. BATT. Our study, the only county eligible in Hawaii is the County of Hawaii, the one island, the big island I think you call it. You may remember under the Proxmire amendment we were asked to pick areas in sections of the country which didn't come in under the statistics in Section 5(a) of the Area Redevelopment Act in order to assure that many States would get experience. So I sat down with the Governor of Hawaii and George Mason and discussed this matter when we were out there at the Governor's conference last summer. They went into it at great length with their economic advisers and their general consensus was that the western half, really, in the island of Hawaii where the Kona coffee industry has collapsed, was perhaps in greatest need of help, and so we designated the entire county simply because it seemed unfeasible to split it in half. And they have come in with some very promising planning, primarily ways and means in which Federal help might be used to accelerate the growth of the tourist industry to replace the collapsed Kona coffee industry.

Senator LONG. Do you have the unemployment picture before you there for that county? What is the percentage? I wondered how high unemployment runs in the County of Hawaii which is our problem. If you don't have it there, I would like you to procure it.

Mr. BATT. We would be very happy, sir, to find that.

Well, since these are positive figures, they have got a lot of employment figures, but they don't have the unemployment figures. We will try to find those.

Senator KERR. Provide those both for the Chair——

Mr. BATT. I will be happy to do so.

Senator KERR. Mr. Batt, provide the figures both to the Senator and for the record.

Mr. BATT. I would be happy to do so.

(The following report was submitted:)

THE UNEMPLOYMENT RATE FOR HAWAII COUNTY IN THE STATE OF HAWAII

The unemployment rate for Hawaii County was estimated to be 5.2 percent of the total labor force in January 1962, and 5.3 percent of the total labor force in February 1962.

Senator LONG. Nothing more, Mr. Chairman.

Senator KERR. Mr. Smith?

Senator SMITH. Mr. Chairman, first of all I would like to thank Mr. Batt for his very fine testimony here this morning, and I would also like to congratulate him on the excellent job he is doing as Administrator of the ARA in the year that he has been in this position. I think he knows more about the problem centers of this country than any other man in the country. I think he has first-hand knowledge of the various pockets of continuous unemployment, and I think he is making a great contribution to help us solve these problems.

I have heard him mention places in Kentucky and Alaska and Hawaii, New Mexico, Michigan—Ironwood, Mich.—and Oklahoma, but I haven't heard him mention Massachusetts this morning. We have a number of areas of high unemployment in Massachusetts, and I think everyone——

Senator KERR. My guess is that there is no area with higher priority in his office than Massachusetts.

Senator SMITH. Mr. Chairman, I hope you are right.

Mr. BATT. You do have the State's name mentioned occasionally.

Senator KERR. If it is, it would be an indication opposite to those that I have seen.

Senator SMITH. Well, we will see about that.

Senator KERR. But he is available for questioning.

Senator SMITH. Well, I think of one particular community, a city that has been hard hit with the loss of the textile industries, a city that doesn't compare with Alaska in unemployment. I think we are running around 11 percent unemployment in the city of Fall River. I wondered if you could tell us how Fall River could benefit under this particular amendment?

Mr. BATT. I would hope, Senator, that Fall River could benefit very directly in making up some of the backlog of unmet needs for essential public facilities. I happen to have a letter here to President Kennedy from Mayor Arruda of Fall River who urges, Mr. Chairman, that S. 2965, as amended, be approved, and he makes the point, and I quote:

> A fundamental requirement for improving our economic condition is the improvement of physical facilities for expanded commercial and industrial sites.

And then he outlines several needed physical facilities in the letter.

One of my staff members has talked to the mayor, and there again you could put your hand on this elephant at any point—there isn't a community in this Nation, particularly these that are hard hit, that doesn't have a backlog of well planned, badly needed public works. And I would hope that Fall River might be able to get some of these works underway with the help of the proposed act.

Senator SMITH. Well, Mr. Batt, I think this is a perfect example of a city that does realize the great problems that they have. They have a mayor and city council who are dedicated to relieving the problem. They have people who are making plans and who have valid projects such as sewer disposal, which is one of the big projects that they are working on, and also a need of additional water supply.

They have Route 195 coming into the city that could help the economy tremendously if it is completed to connect them with the other highly industrialized parts of the State, and I am sure that this bill will go a long way in helping the communities such as Fall River.

I certainly shall vote for the passage of this bill.

Mr. BATT. Thank you, Senator.

Senator SMITH. Thank you again.

Senator KERR. Thank you very much, Mr. Batt, for your testimony. I am not going to brag on you as much as Senator Smith did. I will say this to you, that I have high hopes for you but I am going to see a little further before I go out on a limb as he has.

Mr. BATT. Well, of course, Senator, I must say that the success of our act, the Area Redevelopment Act, and I suppose it is true of any piece of legislation you pass, including 2965, depends in enormous part on the response to the opportunities by the communities of the country.

Senator KERR. Well, that is one of the very necessary ingredients to it and, of course, the reaction of the administrator to their response to the opportunity. And this is the reason that I say I am not going as far out on the limb as Senator Smith has, but I am approaching it. We are grateful to you for being here.

Mr. BATT. Thank you, Senator. We are grateful to you.

Senator KERR. We are grateful to Mr. Kruser of the Bureau of Public Works, Mr. Cook of the Corps of Engineers, Mr. Rettie of the Interior Department, Mr. Hendee of the U.S. Forest Service, and Bob Davis of GSA for their presence here. It is apparent that we are not going to need to inquire of them, but if either has a statement for the record, we would like to have you submit it, and otherwise I would say that you need not wait longer.

(The prepared statement of Charles H. Stoddard, Director, Resources Program Staff, Department of the Interior, is as follows:)

STATEMENT OF CHARLES H. STODDARD, DIRECTOR, RESOURCES PROGRAM STAFF

Mr. Chairman and members of the committee, the Department of the Interior appreciates this opportunity to present a statement for your consideration. The proposal you are studying would give the President standby authority to proclaim contrarecession public works programs.

Previous witnesses from the executive branch have discussed the main economic and social objectives sought in the proposed legislation. The Department of the Interior is fully in accord with the objectives of S. 2965.

We are particularly interested in capital improvements that would be made in natural resources. There is a large backlog of such investment that should be made, not only to stimulate and sustain long-term economic growth, but to assure increased resource productivity for the much heavier demands in prospect for the future. Most of that investment brings forth products and services that add to our national productive powers. It is not "made-work" in any sense of that term. Much of this investment involves a relatively high percentage of direct expenditure for labor, and much of it would be located in rural communities that have problems of unemployment or of underemployment.

Our purpose in this statement is briefly to indicate the kinds of projects and of project work that could be carried out by the Department of the Interior—if the proposed legislation were to be enacted.

The term "public works project," as we understand it, would include a complete facility (such as a National Park visitor center) and also a discrete sector of larger undertaking (such as a section of Parkway) that would normally be initiated and finished under a separate construction contract. We use the term "project work" to describe that type of capital improvement that does not involve a physical structure, but is a measure for the improvement of resource productivity or usefulness (such as tree planting and range improvement). In all cases we refer to public works that can feasibly be planned and carried out in units requiring one year or less from time of initiation to time of completion.

PROJECTS THAT WOULD QUALIFY

Range improvement and rehabilitation

The Department of the Interior administers 181 million acres of Federal land on which livestock are grazed under permit. Large acreages need improvements that will conserve soil and moisture and increase forage production. Such improvements involve: 32 million acres needing brush control, 12 million acres needing to be seeded, 16 million acres needing weed-control treatments, over half a million water development and water control structures should be constructed, more than a hundred thousand miles of fencing is needed to obtain better distribution of grazing animals and better timing of grazing use; there is also need for improvement of wildlife habitat—particularly on lands used as winter range by big game.

Interior provides technical and other assistance to Indians in the management of their grazing land. Much of that land is also in need of improvements and rehabilitation. None of this work requires a long period of time for plan preparation. All of its involves a high percentage of expenditure for labor. Most work projects of this type could be started on short notice and carried to completion within one year.

Benefits that would be realized, almost at once, include: larger yields of forage and improved watershed conditions.

At 1962 rates of accomplishment, various needed measures for soil and moisture conservation on lands administered by Interior would require from 20 to

80 years to be completed. That much delay would, of course, entail further deterioration before remedial action could reverse the trend. Any speedup in accomplishments will reduce ultimate costs of doing what should be done.

Improvement of forest resources

Some 50 million acres of commercial forest land are administered by Department of the Interior. This includes about 6.5 million acres of forest in the Indian reservations.

Capital improvements needed on these forest lands involve tree planting, or some other means of establishment, on 520,000 acres; and timber-stand improvement measures on 1,150.000 acres. Timber-stand improvement includes measures such as thinning, pruning of crop trees, removal of nonmerchantable cull trees, and various other operations to increase growth and to improve the quality of salable timber products.

At our 1962 rate of accomplishment it would take 150 years to get these two jobs done. Acceleration is obviously needed.

Other capital improvements needed on the forest lands include better facilities for fire protection, especially in Alaska; and facilities for better protection against insects and disease, especially in areas of infestation and of high risk.

Work projects relating to forestry can readily be planned and carried out under flexible timing of operations.

Benefits would include: larger supplies of timber for the future, improvement of its quality, and reduction of losses.

Improvements on the National Wildlife Refuge System

The National Wildlife Refuge System, administered by Department of the Interior, comprises 284 refuges containing some 28 million acres. These areas have been established for the preservation and conservation of waterfowl, big game, upland game, rare and endangered species, and for public fishing and hunting where that is desirable from the management standpoint.

Capital improvements needed on the refuges to improve their use by people, as well as to increase their productivity of wildlife, include: water control works, small structures of various types, boundary fencing, roads and trails, development of camp and picnic grounds for public use, and various other facilities. Almost none of these improvements involves heavy construction. Most of these projects can be scheduled for completion within short periods of time.

Interior operates 100 fish hatcheries. Capital improvements at the hatcheries involve buildings of various kinds, ponds, and water supply facilities—again, all light construction that can be completed within short periods of time.

Interior also administers a grant-in-aid program of financial assistance to the States to assist in their wildlife management programs. Acceleration of the States program of capital improvement on their refuges and their hatcheries by short-term grants-in-aid would be entirely practicable. Such improvements would not necessarily be limited to facilities on refuges and at hatcheries. Improvements to fish and wildlife habitat are now being made under the existing grant-in-aid program, including stream improvement and bank stabilization, and could readily be accelerated for periods of 1 year or less.

Improvements that benefit fish and wildlife are of direct interest to a very large sector of the American people. A reliable survey indicates that there were about 15 million hunters and about 25 million sport fishermen in 1960.

Highways and roads

Department of the Interior has responsibility for planning and construction of the road system within national parks and national monuments, and of those highways which Congress has designated as "national parkways."

Interior is likewise responsible for planning and construction of the local road system within Indian reservations. Many of these reservation roads are not usable by vehicles during part of the year. Where such conditions prevail, they constitute a serious handicap to economic development of reservation resources—and to the schooling of Indian children. A sizable program for the building of local roads on Indian reservations is urgently needed. And it could easily be handled in units that would qualify under the proposed program for accelerated capital improvements.

Finally, Interior is responsible for planning and construction of the local road system on the public domain. Some of those roads are being financed out of proceeds from timber sales. But that source of funds is available only within forested areas of the public domain and within the general area of revested Oregon and California railroad land grant. Elsewhere, there are critical needs for developmental roads to make resources economically available,

to facilitate more adequate protection against fire, to facilitate more intensive management of resources, and to make certain areas available for public recreational use.

Public recreation facilities

Capital improvements to accommodate public recreation are a critical need in most of the national parks and national monuments, at reclamation reservoirs, at many of the wildlife refuges, and at certain locations on the public domain. Such improvements include a very wide variety of facilities ranging from national park visitor centers to campgrounds, boat launching ramps, and the familiar picnic area—equipped with tables, a water supply, and a sanitary facility. Virtually all projects of this kind can be initiated and completed within short periods of time.

Extensive recreational facilities are contemplated for Indian lands. At the present time there are no firm estimates about the amount of work involved, but extensive improvements are highly desirable—not only to meet the needs of the Indian people, but also to develop the tourist business and the income which the Indians would gain therefrom.

Grants-in-aid that would be available under the proposed legislation would be very attractive to the States for use in capital improvements in the State parks system. In general, the State parks get heavier use than most Federal recreation areas. Financial assistance to States for purposes of park improvement, would, undoubtedly, be utilized.

Water facilities

Department of the Interior administers the Small Reclamation Projects Act—a Federal loan program to assist in the construction of small projects by districts or other locally organized agencies. As of June 30, 1962, some $58 million of loans had been approved. Another $20 million of loan applications had been received. Some of these projects may be too large to be initiated and completed within 1 year. But many would qualify under the proposed accelerated capital improvements programs. And there is the distinct probability that many more small projects would be planned to meet requirements for short-term construction schedules—if loans and grants become available under such conditions. Small reclamation projects require individual project authorization by the Congress.

There are approximately 870,000 acres of Indian lands under irrigation project works. The irrigation and power construction and rehabilitation and betterment programs on these lands could be accelerated to the extent of doubling the present amount of appropriation for this work. The types of work involved include replacement, enlargement, extension, relocation, canal and lateral lining and upgrading, enlargement and extension of project power systems.

I addition to new projects, there are substantial opportunities for sound investment in the replacement of obsolete and wasteful irrigation canals and other irrigation facilities. Most of these are owned by local irrigation districts that would welcome any type of financial assistance that might become available under the proposed legislation.

There is also the possibility for organization of many small districts in the eastern section of the United States where supplemental irrigation has been developing to an impressive extent.

Construction and reconstruction of field laboratories

Many agencies of the Department operate field installations of various types. Examples include the laboratories of the Bureau of Mines, Bureau of Sport Fisheries and Wildlife, Bureau of Commercial Fisheries, and the stream gaging stations of the Geological Survey. Some of these are obsolete and could well be replaced during periods of accelerated capital improvements. In other cases, new facilities have been authorized and could be constructed as funds become available.

Other types of conservation projects

The field of possibilities for sound investment in resources conservation is very broad. Some, heretofore not well developed, include the sealing off of drainage from abandoned coal mines, restoration of cover on strip-mine spoil banks, stream bank stabilization to reduce siltation and improve fish habitat, and a host of other possibilities. All work of this kind can readily be planned and accomplished in project units that occupy 1 year or less.

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PROJECTS THAT MIGHT NOT QUALIFY

The only Department of the Interior projects that might not qualify for participation in the proposed accelerated capital improvement programs are the large dam construction projects of the Bureau of Reclamation and the large power transmission projects of the power marketing agencies.

But even with these, the case against them is not conclusive. All projects, no matter how large, are normally subdivided into contract units, initiated and completed within relatively short periods of time. The objective sought in the proposed legislation is not completion per se within 1 year, but actually quick acceleration of capital expenditure followed by quick tapering off, all within 1 year.

That same economic effect can be obtained by temporary acceleration of an ongoing project. The only problem is not whether a given project can be initiated and completed within 1 year, but whether an on-going project can be accelerated temporarily, without incurring undue costs or other undesirable consequences. We think this matter will deserve careful study.

NO SPECIAL PROBLEMS OR DIFFICULTIES FORESEEN

So far as can be seen at present, the proposed legislation would not involve any special problems or difficulties for the Department of the Interior. Planning and budgeting procedures, up till now, have not made clear distinctions between capital improvement projects that can be initiated and completed within 1 year or less, and those which require longer. But that distinction could readily be developed for most of Interior's activities in a few months' time. If the proposed legislation were enacted, Interior would immediately undertake establishment of a continuous inventory of projects and project work eligible for accelerated capital improvements financing.

BACKLOG OF PROJECTS ON HAND

The volume of eligible projects and project work now programed, or in process of being programed, by the Department of the Interior hasn't yet been fully canvassed. Our incomplete figures add up to about $1.5 billion. The composition of that $1.5 billion is as follows:

	Millions
Soil and moisture conservation	$540
Commercial forest improvements	50
Public recreation facilities	260
Highways, roads and trails	650
Total of these items	1,500

A preliminary survey made some months ago in the Department of the Interior (at request of the U.S. Arms Control and Disarmament Agency) on public investment needs in the whole field of natural resources, including water supply, water control, and water treatment, indicated a total of well over $200 billion. We mention that estimate only to stress the point that there is no scarcity of excellent public investment opportunities in resource conservation and development. And many of these are investments we simply must make if we are to keep an adequate resource base under the Nation's economy.

Senator KERR. Mr. Conway, Deputy Administrator, Housing and Home Finance Agency.

Mr. Conway, do you have a copy of your statement?

Mr. CONWAY. Yes, sir. I think it has been distributed.

STATEMENT OF JACK T. CONWAY, DEPUTY ADMINISTRATOR, HOUSING AND HOME FINANCE AGENCY; ACCOMPANIED BY SIDNEY WOOLNER, COMMUNITY FACILITIES COMMISSIONER; AND MILTON P. SEMER, GENERAL COUNSEL

Senator KERR. You may either read your statement in its entirety or submit it for the record or summarize it.

Mr. CONWAY. I think it would be wise if I tried to conserve the time of the committee here by summarizing my statement and going

to one or two sections that I would like particularly to call to your attention.

Senator KERR. Fine. The statement will be made a part of the record and Mr. Conway will summarize it.

I want you to identify the people that are with you, but in the meantime—off the record.

(Discussion off the record.)

Mr. CONWAY. On my right is Sidney Woolner who is the Commissioner of our Communities Facilities Administration and has the responsibility in that unit of our Agency for administering our public facility loan program, our advance planning program, and numerous others. And on my left is our General Counsel, Mr. Milton Semer.

In my statement I point out very quickly the three or four principal areas of the proposed legislation, the grants and the loans and the advanced planning. I would like particularly on page 3 of my statement to devote some attention to the functioning of the advanced planning program as it would relate to a public works bill of the kind that has been proposed by the administration.

The administration proposal reemphasizes the importance of the advance planning of capital improvement projects as a necessary step to assure that an adequate backlog will be ready for prompt action when Federal assistance is made available under the standby authority of the bill. Thus, section 2 would require that—

> the Federal Government shall assist and encourage the States and local governmental bodies, under provisions of existing law, to make advance plans for capital improvement projects.

Section 10 of the bill would authorize the appropriation of additional funds for the existing program of the Housing Agency (section 702 of the Housing Act of 1954) for making interest-free advances to localities for public works planning. The purpose of this program is to assist States and localities in the advance preparation for public works construction, thereby facilitating efficient long-range planning and providing a pipeline of planned public works, which can be placed under construction within a reasonable period of time.

At present there is a statutory $58 million limitation on the amounts available for advances. Of this amount, $43 million has been appropriated, and less than $1 million of these funds remain uncommitted at the present time. Independent of the proposed legislation, that you are considering here, administration requests for additional appropriations for the program during this session of the Congress will exhaust the $58 million authorization. The bill would remove the dollar limitation on the authorization for appropriations.

Under existing law, the Housing Agency also is authorized "to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State and local public works."

Upon enactment of the administration proposal, the Housing Agency would expand its public works planning assistance program, initiate continuing current surveys of the status of State and local public works planning and of estimated requirements for State and local public works, and encourage the establishment of a comprehensive reserve of State and local planned public works.

The action of the Congress in establishing the existing public works planning assistance program was based on the recognition of a tremendous need for additional public works construction. In 1960, the Census Bureau, on behalf of the Housing and Home Finance Agency, conducted a survey of public works expenditures by State and local governments that were in the planning stage. The survey indicated that over an 18 month period ending December 31, 1961, State and local governments were scheduled to complete the planning of public works projects with an estimated total construction cost of $21.7 billion.

A total of 88,000 projects were contemplated, of which about 58,000 were estimated to cost under $100,000 per project, 25,000 were estimated to cost between $100,000 and $1 million per project, and 5,000 were estimated to cost in excess of $1 million per project.

Assuming an average cost of $50,000 per project for those 58,000 projects estimated to cost under $100,000, there is approximately $2.9 billion worth of such small project work planned.

Assuming an average cost of $500,000 for the 25,000 projects estimated to cost between $100,000 and $1 million per project, there is approximately $12.5 billion worth of such moderate sized project work planned.

The construction of a building, such as a college dormitory costing $1 million takes about 11 months to complete, a $1 million sewer facility proper takes about 8 months to complete, and a $100,000 street repair job about 3 to 4 months.

A great many of these planned State and local projects could be initiated within a reasonably short time after the President declares an acceleration period, and could be completed within 12 months.

Many types of community facilities are needed and have been planned. In addition to improved sanitation and water facilities, there is an urgent need to increases the number of hospitals and other health facilities.

Many communities are faced with the need to make large expenditures to improve transit system ways and structures, and to maintain and provide other fixed facilities for bus operations, many of which are publicly owned. The increased flow of urban traffic has also greatly increased the need for highway and railroad overpasses, and street improvements and repairs. There are also great backlog needs for community buildings. The population growth and replacement needs for firehouses, police stations and administration buildings requires an acceleration of such projects. To keep abreast with population growth, the construction of new public library space should be twice as great as it has been.

With your permission, Mr. Chairman, I will submit for the record a statement giving a summary of the planning advances made by the Housing Agency during 1961 and indicating the types of facilities which were planned under this program, their location and the estimated costs of construction.

Senator McNamara. There will be no objection to inserting it at this point in the record.

(The document referred to follows:)

HOUSING AND HOME FINANCE AGENCY, COMMUNITY FACILITIES ADMINISTRATION, WASHINGTON, D.C.

CFA advances for public works planning, Jan. 1–Dec. 31, 1961

[Projects, 521; advances, $18,001,105; estimated cost, $1,077,104,817]

Location	Applicant	Project	Advance	Estimated cost
ALABAMA (9)				
Arab	City	Water system	$23,985	$750,000
Bayou la Batre	do	Sanitary sewer system	6,336	775,000
Collinsville	do	do	2,500	166,500
Huntsville	Public building authority.	Municipal building	105,000	3,180,000
Jasper	City	Interceptor sewer	4,424	112,000
Jefferson County		Expressway	260,000	11,708,000
Montgomery	Water and sewer board	Outfalls, force mains	13,575	474,735
Do	do	Lift stations	2,200	76,300
Do	do	do	4,583	162,216
Subtotal			422,603	17,404,751
ALASKA (15)				
College	University of Alaska	Heating plant	112,500	2,707,500
Do	do	Apartments for married students.	36,000	992,000
Do	do	Dormitory-dining complex	88,000	2,776,000
Fairbanks	Independent school district.	14-classroom elementary school.	56,000	1,455,800
Do	do	High school additions	57,400	1,379,900
Juneau	City	Street, bridge improvements.	40,000	1,215,000
Do	do	Sewage collection	15,000	200,000
Do	do	Storm, sanitary sewers	26,000	950,000
Do	do	Parking facilities	16,000	765,000
Ketchikan	City	Electric power system improvements.	48,000	1,283,440
Kodiak	Independent school district.	High school additions	22,000	390,000
Do	City	Pumping plant	20,000	270,541
Palmer	Independent school district.	Elementary and junior high school.	14,500	1,000,000
Seldovia	Public utility district	Water improvements	15,895	197,240
Wrangall	City	Harbor improvements	5,000	160,000
Subtotal			572,295	15,742,421
ARIZONA (7)				
Chinle	School district	School	6,000	400,000
Mammoth	Town	Sanitary sewer system	12,100	245,000
Mesa	Maricopa County School District No. 207.	2,400-pupil high school	39,000	3,058,500
Phoenix	State planning and building commission.	State office building	97,542	7,036,468
Do	do	General services building	4,365	319,960
Prescott	do	Home for aged additions	47,000	3,482,000
Do	Yavapai Hospital District.	Hospitals additions	10,000	1,200,000
Subtotal			216,007	15,741,928
ARKANSAS (9)				
Ashdown	City	Treatment plant	2,600	140,000
Benton and Washington Counties.	Beaver Water District	Water facilities	34,600	2,975,000
Bradley	Town	Sewers, treatment facilities	2,875	130,050
Calico Rock	do	Sanitary sewer facilities	1,000	195,475
Do	do	Water system improvements	500	84,375
Forrest City	East St. Francis Drainage District.	Flood control	6,691	128,263
Kensett City	City	Water and sewer facilities	2,200	172,000
McRae	do	do	1,700	99,500
Perry	Town	Water system	700	45,000
Subtotal			52,866	3,969,663

CFA advances for public works planning, Jan. 1–Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
CALIFORNIA (58)				
Alta Luna	Union college district	School	$24,000	$334,000
Amador County	Pioneer-Pine Grove Water District.	Water system, storage	4,800	605,200
Arlington	Alvord Unified School District.	22-classroom school	21,553	1,240,559
Do	do	16-classroom school	11,500	648,000
Do	do	Administration office	5,900	340,700
Arroyo Grande and Grover City.	San Luis Obispo flood and water conservation district—joint city.	Flood control and storm drainage.	8,000	1,002,500
Do	do	Sanitary sewers	35,000	1,350,000
Arvin	Arvin-Edison water	Irrigation system	30,000	14,980,000
Bakersfield	City	Grade separation	46,800	1,008,000
Banning	do	Sewers, treatment	45,650	620,000
Cambria	County water district	Sanitary sewer system	7,400	1,185,000
Carlsbad and Vista Sanitary district.	Joint project	Sewer facilities	45,000	4,678,500
Clearlake Oaks	County water district	Water system extension	16,500	300,000
Coalinga	City	Sewage treatment facility	8,600	277,000
Covina	do	Public library	8,315	499,860
Escondido	San Diego School Authority.	2 elementary schools	16,900	985,550
Fallbrook	Union school district	Junior high addition	13,820	791,861
Felton	San Lorenzo Valley Unified school district.	Elementary school addition	1,722	110,648
Do	do	High school addition	5,050	329,963
Fort Bragg	do	Elementary school	8,600	460,000
Do	do	Additions to 4 schools	15,400	895,000
Garden Grove	Union high school district.	36-classroom school	41,444	3,703,200
Gonzales	City	Sewer system extension	8,500	99,000
Half Moon Bay	Union high school district.	High school additions	29,870	1,304,867
Hanford	City	Sewer facilities	65,000	1,500,000
Imperial Park	do	Municipal pier	5,700	297,400
Indio	do	Grade separation	12,000	1,151,140
Keyes	Service district	Sewer system	2,100	190,000
Livingston	City	Sanitary sewer system	10,000	400,000
Marysville	do	Treatment plant extension	34,000	700,000
Do	do	Storm drainage	43,700	800,000
Napa	Union high school district.	High school addition	56,100	1,768,470
Do	do	Junior college	28,560	2,341,000
North Highlands	Joint school district	18-classroom elementary school.	12,138	697,120
Pacific Grove	Unified school district	High schools additions	16,169	954,900
Pinedale	County water district	Sewers, disposal system	3,500	450,000
Placer County	County water agency	Water, power facility	1,500,000	122,099,880
Placerville		Sewer facilities	11,200	444,200
Do		Water facilities	8,800	352,700
Rolling Hills	City	Street improvements	50,710	1,096,000
Salinas	do	Drainage system	13,150	1,712,700
San Jose	do	Municipal theater	30,000	2,730,000
San Luis Obispo	do	Sewage treatment facility	51,000	993,000
Do	Water conservation district.	Water distribution	50,000	8,000,000
San Mateo	County	Civic auditorium	60,000	3,809,500
Do	City	Hospital additions	59,000	4,162,000
San Jose County	Water conservation district.	Water treatment facility	50,000	6,840,000
Seaside	City	Storm sewers	9,750	560,250
South San Francisco and San Bruno.	do	Sewer system additions	115,000	2,419,000
Spring Valley	La Mesa-Spring Valley School District.	Two elementary schools	25,480	1,480,711
Springville	Public utility district	Sanitary sewer system	5,311	303,728
Do	Union school district	School	10,840	685,660
Truckee	Truckee-Tahoe Airport district.	Airport improvements	9,200	702,000
Vacavilla	Union school district	Elementary school	6,800	314,087
Ventura	Municipal water district	Sewer systems extensions	45,000	2,130,000
Valley Center	do	Sewer additions	8,500	1,095,700
Woodland	School district	School additions	12,718	782,899
Woodside	do	Elementary school	10,614	399,391
Subtotal			2,892,364	211,104,844

CFA advances for public works planning, Jan. 1–Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
COLORADO (9)				
Brighton	City	Water supply improvements.	$2,000	$300,000
Do	do	Sewer trunkline	2,000	225,000
Do	do	Storm sewers	800	550,000
Denver	Sanitation districts in Adams, Jefferson, Arapahoe, and Denver Counties (metropolitan).	Collection, treatment	270,000	29,000,000
Mesa County	Ute Water Conservancy District.	Complete water system	95,000	1,082,000
Lafayette	City	Water system improvements.	2,326	387,826
Do	do	Sewer improvements	1,725	170,450
Sheridan	do	Street improvements	15,000	455,000
Steamboat Springs	Town	Sewer facilities	6,000	316,500
Subtotal			394,851	32,486,776
CONNECTICUT (8)				
Bethel	do	Sanitary sewer system	36,790	2,994,000
Bristol	City	Municipal building	67,500	1,629,815
East Hampton	Town	Water facilities	15,000	1,355,000
East Haven	do	Sewer treatment plant	150,350	4,258,000
Manchester	Hartford County	Sanitary sewer system	51,350	2,880,000
New Haven	City	Treatment plant improvements.	145,000	3,660,000
North Haven	Town	Sanitary sewer system	154,000	6,938,400
Bristol	City	Flood control	25,300	696,400
Subtotal			645,290	24,411,615
FLORIDA (11)				
Broward County	County	Jet airport	275,000	39,000,000
Cocoa Beach	Cape Canaveral Hospital Board.	Hospital addition	5,000	710,000
Mary Esther	Town	Sewer and water	7,201	552,000
Melbourne	City	Sewer system extension	14,500	1,450,000
Orlando	Orange County Commissioners. (This project includes Winter Park and Lake Maitland).	Drainage and water control	45,500	3,711,500
Pinellas County		Sewer system	128,000	3,488,750
Punta Gorda	City	do	10,000	2,400,000
Safety Harbor	do	Water and sewer extensions	14,980	600,000
St. Cloud	do	Sewer system extensions	9,000	395,000
Springfield	do	New waterlines	5,000	600,000
Winter Haven	do	Storm drains, water conservation.	35,000	2,480,000
Subtotal			549,181	55,387,250
GEORGIA (5)				
Decatur	DeKalb County	Justice building	20,400	1,751,000
Do	do	Public health building	12,600	896,900
Do	City	Junior high school	19,500	1,863,000
Quitman	do	Sewer extensions	8,000	658,300
Do	do	Water system improvements.	3,550	298,550
Subtotal			64,050	5,467,750
HAWAII (2)				
Hilo	County of Hawaii	Sewer system	10,000	850,000
Kapaau	do	30-bed general hospital	11,000	900,000
Subtotal			21,000	1,750,000
IDAHO (4)				
Ada County	County	100-bed nursing home	10,500	886,000
Pocatello	Hannock County	50-bed nursing home	6,000	373,000
Shelley	City	Street improvements	7,528	388,136
Do	do	Sewage treatment plant	4,250	200,000
Subtotal			28,278	1,847,136

CFA advances for public works planning, Jan. 1–Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
ILLINOIS (16)				
Ava	City	Sanitary sewer system	$2,400	$160,000
Argenta	do	do	1,500	253,000
Charleston	do	Water treatment plant	23,600	485,000
Chicago	do	Civic center	1,500,000	67,000,000
Galva	do	Sewer system extension	6,750	325,000
Gurnee	Town	Sanitary sewer system	8,400	423,500
Kewanee	City	do	24,000	3,200,000
Lake-in-the-Hills	Village	do	3,330	457,700
Lakemoor	City	Water distribution	1,609	200,650
Lakewood	do	do	1,487	99,350
Livingston	Village	Sewers, treatment facilities	4,000	293,900
Lovington	do	Sanitary sewer system	3,600	400,000
Minier	Town	do	1,100	315,000
Oakhill	City	do	1,500	199,000
Waukegan	Lake County	County administration building.	60,000	6,615,000
Woodhill	Village	Sanitary sewer system	4,420	205,850
Subtotal			1,647,696	80,632,950
INDIANA (2)				
Michigan City	City	Storm sanitary sewer	52,500	2,340,000
Terre Haute	do	Sewer system improvements	25,000	2,826,000
Subtotal			77,500	5,166,000
IOWA (2)				
Clinton	Bridge commission	Bridge	46,000	5,196,000
Evansdale	City	Sanitary sewers	30,000	1,674,000
Subtotal			76,000	6,870,000
KANSAS (33)				
Burden	City	Sanitary sewer system	1,050	120,750
Carbondale	do	do	1,150	126,165
Concordia	do	Street improvements	5,725	107,850
Copeland	do	Sanitary sewer system	1,100	102,600
Courtland	do	do	500	102,000
Dighton	do	Sewer and water facility	2,450	239,300
Hutchinson	do	Water system improvements.	19,750	3,018,016
Ingalls	do	Sewer facilities	940	65,000
Lebanon	Town	Sanitary sewer system	600	125,860
Linn	do	do	2,900	87,000
Longford	do	Sewer facilities	600	58,500
Lorraine	City	do	600	6,690
Manhattan	do	Water system extension	5,000	830,000
Meade	Town	Storm sewers	1,000	231,100
Milford	do	Sanitary sewer system	1,150	213,150
Do	do	Water facilities	1,000	139,380
Do	do	Street improvements	1,000	202,800
Mullinsville	do	Drainage, street improvements.	900	65,000
Norton	City	Water system improvements.	5,550	304,850
Overland Park	do	Storm sewers	30,000	5,765,000
Pittsburg	do	do	12,950	2,812,950
Riley	Town	Sewer facilities	1,100	150,000
Sabetha	City	Recreation facilities	2,275	113,515
Tescott	Town	Sanitary sewer system	850	81,000
Wakeeney	City	Sewerage facilities	1,300	151,500
Wakefield	Town	Water system	1,500	222,000
Do	do	Sewer facilities	1,575	241,600
Do	do	Street improvements	1,500	226,000
Wichita	City	Civic auditorium	95,000	12,600,000
Do	do	Administrative office building.	25,000	3,000,000
Do	do	Public library	20,000	2,400,000
Winfield	do	Hospital addition	31,625	2,400,000
Winona	Town	Storm drainage	2,000	100,572
Subtotal			279,590	36,450,148

CFA advances for public works planning, Jan. 1–Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
KENTUCKY (3)				
Clinton	City	Sanitary sewer system	$2,450	$141,920
Monticello	do	Sewer system improvements	2,500	509,000
Mount Vernon	do	Sanitary sewer system	2,100	355,000
Subtotal			7,050	1,005,920
LOUISIANA (38)				
Abbeville	Harbor and terminal district.	Harbor facilities	15,697	1,119,000
Do	City	Drainage	3,500	350,000
Baker	Town	Sewer facilities	9,870	800,000
Chalmette	St. Bernard Parish	Sanitary sewer system	29,970	1,570,000
Do	do	Sewage treatment facility	21,000	1,069,000
Church Point	Town	Water treatment facility	3,600	244,173
Delcambre	do	Sewers, treatment plant	6,846	400,000
Do	do	Streets, drainage improvements.	5,138	295,000
Dubach	do	Sewer facilities	6,000	243,000
DeRidder	City	Street improvements	18,452	1,107,138
Edgard	St. John the Baptist Parish.	Sewer facilities	73,675	4,089,600
Golden Meadow	City	Community park	1,800	138,000
Grand Isle	Town	Water, gas lines	10,000	1,195,000
Gretna	Jefferson Parish	Incinerator	77,923	1,720,503
Hahnville	St. Charles Parish	Sewer facilities	36,360	2,338,000
Leesville	Town	do	7,000	400,000
Mamau	do	Water system	1,555	129,000
Do	do	Sewer system addition	403	26,000
Do	do	Two swimming pools	1,522	103,090
Melville	do	Sanitary sewer system	5,000	299,640
Morganza	do	do	3,220	183,000
Morse	Village	Water facilities	2,000	120,000
New Orleans	City	Police building, jail	101,500	8,400,000
Do	do	Cultural center	190,000	18,150,000
Do	Sewer and water board	Drainage project	212,000	11,450,000
Do	do	Treatment plant addition	140,000	14,525,520
Do	do	do	60,000	4,398,800
North Hodge	Town	Sewer facilities	2,000	128,900
Opelousas	City	do	15,000	731,110
Plaucheville	Village	Water facilities	1,800	200,000
Ridgecrest	Town	Sewer facilities	2,000	180,000
Roseland	Village	Sanitary sewer system	4,388	200,000
St. Charles	Parish	Drainage	52,100	2,978,200
Slidell	Town	Town hall addition	2,800	109,300
Do	do	Court and jail buildings	1,950	106,000
Vidalia	do	Sewerage facilities	8,200	875,000
West Baton Rouge	Port commission	Cargo docks, transit sheds, roads, railroad.	77,000	8,239,650
Zachery	Town	Sewer facilities	2,855	170,000
Subtotal			1,212,124	88,781,624
MAINE (8)				
Calais	Town	Sewers, treatment plant	9,500	600,000
Gardiner	do	do	6,500	1,022,000
Mars Hill	Mars Hill Utility District.	do	3,100	258,000
Rumford	Town	Treatment plant	9,000	1,245,000
Wells	Ogunquit Village	do	8,500	925,000
Wicasset	Town	Sanitary sewer system	2,700	460,000
Wilton	do	Sewers, treatment plant	39,650	940,000
York County	York Sewer District	Treatment plant	8,000	542,000
Subtotal			86,950	5,992,000
MARYLAND (3)				
Annapolis	City	Storm drainage system	39,000	3,154,000
Anne Arundel	County	do	18,000	1,327,675
Trappe	Town	Sanitary sewer system	7,800	185,000
Subtotal			64,800	4,666,675

CFA advances for public works planning, Jan. 1–Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
MASSACHUSETTS (12)				
Adams	Town	Sewage treatment facility	$45,000	$3,035,000
Fitchburg	City	Water system facility	7,035	389,695
Gardner	Town	Water facilities	29,900	658,200
Hadley	do	Sanitary sewer system	1,850	112,750
Haverhill	City	2,400-pupil high school	46,500	4,377,000
Lynn	do	Incinerator	34,825	1,693,575
Milford	Town	Public library addition	3,000	217,400
Sharon	do	High school addition	36,000	744,000
Stoughton	do	Sanitary sewer lines	21,300	2,233,800
Do	do	Storm drains	13,760	1,341,700
Waltham	City	Civic center	105,000	2,250,000
Yarmouth	Town	Sanitary sewers	15,000	1,750,000
Subtotal			359,170	18,803,120
MICHIGAN (9)				
Grand Rapids	City	Ryerson Library addition	52,000	3,106,080
Howell	do	Water facilities	2,500	49,000
Do	do	Sanitary sewer system	7,500	213,200
Macomb County	Intracounty	Storm drainage	12,819	618,250
Do	Drainage board	Diversion drainage project	15,484	689,000
Nashville	Village	Sanitary sewer extensions	2,600	275,875
Oakland County	County	Sewage disposal system	65,000	2,336,000
Rockford	City	Water system improvements	15,000	319,000
Wayne County	Central Sanitation Authority	Incinerator	100,000	2,677,700
Subtotal			272,903	10,284,105
MINNESOTA (4)				
Chisholm	City	Water system improvements.	30,109	1,461,712
Crystal	do	do	18,500	2,333,750
Mound	Village	Sewers, treatment plant	15,187	1,324,000
Do	do	Water system improvements.	3,563	311,000
Subtotal			67,359	5,430,462
MISSISSIPPI (9)				
Beaumont	City	Complete water system	1,350	135,820
Charleston	do	Sewer system extension	9,813	247,445
Forrest County	East Forrest utilities	Water and sewer improvements.	6,000	1,337,000
Gulfport	City	Sewer and water facilities	28,050	1,720,000
Do	do	Storm drainage	34,688	2,000,000
Nettleton	Town	Water and sewer facilities	3,600	390,000
Tishomingo	City			
Do	do	Sanitary sewer system	1,000	116,000
Tupelo	do	Water supply system addition.	6,180	965,000
Do	do	Sewer system improvements.	12,000	1,490,000
Subtotal			102,681	8,401,265
MISSOURI (6)				
Columbia	University of Missouri	Science building	70,800	3,060,000
Do	do	Dormitory	41,000	3,197,500
Huntsville	City	Sanitary sewer system	2,400	222,100
LaBelle	Town	do	2,787	195,000
St. Genevieve	City	Courthouse and jail	11,500	580,902
Springfield	do	Storm sewers	38,000	17,300,000
Subtotal			166,487	24,555,502
MONTANA (20)				
Belt	City	Sanitary sewer system	7,150	221,122
Bigfork	High school district	High school	2,329	174,000
Billings	City	Storm drainage system	16,700	2,885,250
Bozeman	do	City hall	10,400	799,100
Chester	do	Water system improve-provements.	7,727	318,349

CFA advances for public works planning, Jan. 1–Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
Geyser	School district No. 58	School addition	$2,315	$175,000
Great Falls	School district No. 1	Senior high school	24,908	2,560,694
Do	City	Municipal service building	4,994	453,970
Hamilton	do	Trunk storm drains	4,000	240,000
Do	Ravalli County School District No. 3.	School additions	3,707	293,535
Harlem	City	Street improvements	9,934	393,379
Havre	do	City hall	5,888	500,000
Inverness	Hill County School District No. 28.	School additions	1,728	121,752
Lewistown	City	Treatment plant	7,500	452,000
Missoula	Montana State Board of Education.	Residence hall	37,781	1,000,000
Polson	Lake County School District No. 23.	Elementary school	4,000	261,000
Ronan	City	Sewer system improvements.	1,750	163,000
Saco	Town	Sanitary sewer system	1,000	62,000
Shelby	City	Water system addition	10,730	418,814
Simms	School district No. 39-F	High school addition	4,825	380,000
Subtotal			169,366	11,872,965
NEW HAMPSHIRE (13)				
Ashland	Town	Sanitary sewer system	12,000	517,000
Charlestown	do	do	5,000	150,000
Conway	Village fire department	Sewage treatment facility	1,000	693,300
Dover	City	Sewers, treatment plant	10,000	410,000
Exeter	Town	Water system	4,000	310,000
Do	do	Sanitary sewer system	14,500	1,691,000
Hampton Beach	State forestry and recreation commission.	Recreation areas	12,611	267,632
Hanover	Town	Sanitary sewer system	14,400	134,000
Lancaster	do	do	30,000	656,000
Manchester	City	Sewers, treatment plant	45,000	12,500,000
Nashua	do	do	7,500	1,200,000
Rochester	do	Sewer system addition	20,000	2,425,000
Salem	Town	Sanitary sewer system	45,000	898,000
Subtotal			221,011	21,851,932
NEW JERSEY (13)				
Butler Terrace	Borough	Sanitary sewer extension	6,200	372,000
Dover Township	Sewerage authority	Sewers, treatment facility	71,000	3,165,000
Ocean County				
Jersey City	Hudson County	Administration building	71,250	3,448,500
Netcong	Borough	Sanitary sewer system	22,800	1,300,000
Newark	Passaic Valley Sewerage Commission	Pumping stations	126,200	2,900,000
North Brunswick	Borough	Water facilities	63,000	1,460,000
Oakland	do	Sanitary sewer facility	34,700	2,500,000
Pleasantville	City	Sewer extension	9,250	667,000
Pompton Lakes	Borough	Sewer facilities	28,250	1,725,000
Secaucus	Hudson County	500-bed welfare home; 200-bed geriatric hospital.	150,000	10,800,000
South Hackensack	Township	Elementary school	11,075	189,763
Trenton	City	Storm drainage	37,750	2,576,000
Do	do	Incinerator and garage	26,750	1,600,000
Subtotal			658,225	32,703,263
NEW MEXICO (1)				
Central	Village	Sewers	1,000	205,150
NEW YORK (24)				
Central Square	do	Sewer system	5,500	692,500
Cold Spring	do	Sewer, treatment plant	14,718	696,180
Colonie	do	do	22,000	2,227,380
Elma	Town	Water facilities	109,000	796,000
Erie County	County	Sewer facilities	19,000	1,560,000
Erwin	Town	Sewer, treatment plant	15,800	839,500
Gloversville	City	Sewer system improvements	24,436	2,194,525
Hamburg	Town	Storm drainage system	31,750	1,766,750
Do	do	Sewers, treatment plant	28,600	1,803,700
Hillburn	do	Sewer system	11,700	519,900

CFA advances for public works planning, Jan. 1–Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
Jamestown	City	City hall and parking	$30,000	$2,863,500
Livingston Manor	Town of Rockland	Sewers, treatment plant	3,238	330,000
New Rochelle	City	Storm drainage	33,000	924,500
Do	do	Incinerator	25,000	500,000
Niskayuna	Town	Sewers, treatment plant	53,600	1,640,850
Norfolk	City	Water system addition	6,000	257,300
Plattsburgh	Town	Water system	30,500	435,000
Poughkeepsie	do	Sewer system improvement	17,800	1,526,000
Do	do	Water system	222,700	6,985,000
Ravenna	Village	Storm drainage	24,110	530,000
Rockland County		Sewer extension	70,000	12,000,000
Sloatsburg	Village	Sewers, treatment plant	9,400	778,000
Sullivant County		Mongoup River bridge	17,000	400,000
Troy	City	Water facilities	272,400	7,510,000
Subtotal			1,097,252	49,776,585
NORTH CAROLINA (7)				
Bessemer City	Town	Sewer and water	4,000	298,000
Boiling Springs	Cleveland County Board of Education.	High school	31,975	952,600
Brogden Township	Wayne County Board of Education.	Consolidated school	40,500	1,190,000
Lawnsdale	Cleveland County Board of Education.	High school	36,625	1,051,500
Marshall	Town	Sewer system	2,000	160,000
Norlina	do	do	1,700	211,050
Sylva	do	do	6,000	373,000
Subtotal			122,800	4,236,150
OHIO (9)				
Aberdeen	Village	Sewer system	3,710	280,000
Bridgeport	Belmont County sewer	Sewers, treatment facilities	127,000	5,180,000
Colerain	Loval School District	Senior high school	37,020	2,750,000
Delphos	Town	Sanitary, storm sewer	11,000	885,000
Martins Ferry	City	Highway relocation	260,000	6,000,000
Mount Pleasant	Village	Water treatment	3,750	90,000
Salem	City	Railroad overpass	45,000	1,300,000
Tiffin	do	Sanitary, storm sewer	29,500	1,090,930
Trumbull County	County commissioners	Water distribution	20,000	403,000
Subtotal			536,980	17,978,930
OKLAHOMA (2)				
Eufaula	Oklahoma Redevelopment Authority.	2 recreation centers	106,000	7,668,700
Wilburton	Town	Water system	4,119	314,644
Subtotal			110,119	7,983,344
OREGON (22)				
Beaverton	School district No. 48	Junior high school	16,250	1,183,000
Brownville	City	Sewer system	6,000	258,000
Cave Junction	do	do	1,200	80,735
Cottage Grove	School district No. 45J3 for Lane and Douglas Counties.	Junior high school	41,460	1,171,280
Eugene	Lane County School District No. 52.	do	29,000	732,000
Gladstone	Union High School District No. 5.	High school	25,591	2,418,000
Grants Pass	Town	Swimming pool	1,450	130,000
Halsey	do	Sewer system	1,950	86,880
Manhattan Beach	Sanitary district	do	3,500	145,000
Marion County	County	County-city administration building.	30,000	2,173,000
Multnomah County	do	Trunk sewers	26,600	287,850
Newport	City	Sanitary sewer system	3,500	344,000
Do	do	Water system extension	4,000	241,250
Oregon City	Clairmont Water District.	Water system	25,500	674,000
Portland	Portland State College	Library addition	8,000	1,050,000
Do	University of Oregon	Medical school library	2,120	235,000
Do	do	Women's dorm	6,860	865,000
Silverton	City	Sewer system improvements	12,632	254,500
Springfield	School district No. 19	Elementary school	15,000	500,000

CFA advances for public works planning, Jan. 1–Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
Warrenton	Clatsop County School District No. 30.	High school addition	$3,500	$250,000
Woodburn	Marin County School District No. 30.	Junior high and elementary school.	9,750	689,000
Yamhill	City	Sanitary sewer	1,100	125,000
Subtotal			274,963	13,893,495
PENNSYLVANIA (30)				
Brookhaven	Penn-Delco Union District.	High school	21,115	1,750,000
Butler	Butler County	County home addition	13,000	584,200
Etters	Red Land School District.	14-classroom elementary school.	5,750	551,000
Fairfield	Joint school system	School	16,718	475,390
Fawn Grove	Borough	Elementary school	13,500	436,000
Franklin	Area school district	1,400-pupil high school	118,365	3,077,320
Jacobus	Borough	Water system improvements	5,300	89,500
Johnstown	Stonycreek Township Authority.	Sanitary sewer system	23,186	790,000
Latrobe	Borough	do	58,000	3,044,435
Leesport	do	do	17,120	740,000
Lititz	do	Swimming pool	5,635	125,000
Liverpool	do	Water and sewer facility	6,386	540,000
Lorain	Town	Sanitary sewer system	10,605	245,000
Mahoney Township	Montour County School District.	School additions	12,636	337,304
McKeesport	City	2 railroad bridges	120,000	8,000,000
Mount Holly Springs.	Borough	Sewers, treatment plant	7,182	620,000
Nanty Glo	Sewer authority	Sanitary sewer improvements.	18,497	748,000
New Oxford	Borough	Storm sewer	5,700	90,000
Oxford	Joint school district	School	54,000	1,457,530
Parker	City	Sanitary sewer system	15,878	440,000
Pittsburgh	do	Zoo building	32,000	1,800,000
Scranton	do	Highway bridge	16,000	304,000
Southampton	Township	Sanitary sewer system	114,500	3,700,000
South Williamsport	School authority	Junior-senior high school	90,000	12,552,300
Tamaqua	Borough	Sewers, treatment facility	15,000	1,820,000
Temple	do	Sanitary sewer system	6,250	609,576
Topton	do	do	26,600	170,000
West Manchester	York area joint school	Junior high school	59,000	1,492,000
Whitehall Township.	Township	Sanitary sewer system	49,000	3,800,000
Woodland	Woodland-Biggs Authority.	Water system	5,792	312,000
Subtotal			968,715	50,700,555
RHODE ISLAND (1)				
East Greenwich	Town	Water system	9,600	1,156,000
SOUTH CAROLINA (4)				
Aiken	City	Storm sewers	15,000	1,000,000
Do	do	Sanitary sewer extension	15,000	1,500,000
Columbia (near)	Jackson-Gills Creek	Sanitary, storm sewer	83,960	3,085,000
Ninety Six	Public service district Town	Sewer extensions	5,500	317,609
Subtotal			119,460	5,902,609
TENNESSEE (3)				
Jellico	City	Street improvements	2,000	78,923
Morristown	Town	Sewer facilities	9,000	677,600
White Pine	do	Sewer extensions	4,000	256,859
Subtotal			15,000	1,013,382
TEXAS (20)				
Eden	City	Street improvements	1,400	180,000
Frisco	Town	Sewer facilities	1,200	60,000
Godley	do	do	2,000	75,000
Mineral Wells	City	Water system extension	8,900	2,000,000
Newark	Town	Sanitary sewer system	1,000	80,000
Palmer	do	Sewer facilities	1,000	50,000

CFA advances for public works planning, Jan. 1–Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
Port Arthur	City	Drainage	$28,600	$2,500,000
Do	do	Sanitary sewers	5,700	500,000
Do	do	Water system improvements.	5,700	500,000
Do	do	Drawbridge repairs	5,000	400,000
Port Mansfield	Willacy County Navigation District.	Water system	18,000	567,000
Raymondsville	City	Water facilities	4,200	570,600
Do	do	Sewer facilities	2,700	335,400
Sabine and Sabine Pass.	Jefferson County fresh water supply.	Complete sewer system	4,000	304,600
Sabine River Authority.		Dam and reservoir for supply, hydroelectric development and improvement of navigation and recreation areas in Texas and Lousiana.	750,000	60,000,000
Sansom Park	Village	Street improvements	1,200	1,290,000
Universal City	City	Water and sewer facilities	9,000	906,000
Victoria	do	Street improvements	39,600	2,471,000
Do	do	Storm drainage system	19,250	1,866,400
Windom	Town	Sanitary sewer system	870	52,200
Subtotal			909,320	74,708,200
Utah (11)				
Beaver	Beaver County	10-bed hospital	4,500	259,500
Layton City	City	Storm sewer system	7,454	240,554
Moab City	do	Sewer system improvements	3,195	242,300
Do	do	Water supply additions	5,916	446,364
Ogden	do	Storm sewer system	25,200	1,500,000
Provo	do	Sports arena, pool	45,900	975,900
Do	do	Golf course improvements	11,900	250,000
Roy	do	Storm sewers	20,420	610,000
Salt Lake City	Chesterfield Improvement District.	Sanitary sewer system	3,500	280,000
Sunset City	City	Storm sewers	9,540	298,650
Wasatch and Carbon Counties.	Improvement district	Dam on White River to provide supplemental water for Price, Helker Wellington, and Castle Gate communities.	12,900	514,000
Subtotal			150,425	5,617,268
Vermont (11)				
Brattleboro	Town	Sewage facilities	11,500	1,073,000
Bethel	do	Sewers, treatment plant	3,500	350,000
Colchester	Fire district No. 1	Sanitary sewer system	3,200	173,000
Montpelier	City	Sanitary treatment	76,830	1,495,000
Plainfield	Village	Sanitary sewer system	12,750	216,000
Poultney	do	Sewer system extension	7,975	299,825
Do	do	Water facilities	4,520	219,295
Stowe	do	Sanitary sewer system	10,000	203,200
University of Vermont.	do	Medical college building	30,000	6,543,000
Wilmington	Town	Sanitary sewer system	4,200	260,000
Woodstock	do	Sewer extension	3,500	550,000
Subtotal			167,975	11,382,320
Virginia (7)				
Alexandria	School board	High school	43,000	3,525,500
Do	do	High school addition	7,700	190,700
Newport News	Peninsula Airport	Airport improvements	24,000	1,765,300
Norfolk County	Authority	Sanitary sewer system	10,000	1,700,000
Do	do	do	14,400	2,264,400
Shenandoah	Town	do	2,500	427,250
Stephens City	do	do	12,500	165,000
Subtotal			114,100	10,038,150

CFA advances for public works planning, Jan. 1–Dec. 31, 1961—Continued

Location	Applicant	Project	Advance	Estimated cost
WASHINGTON (29)				
Bellingham	West Washington College of Education.	Classroom building	$12,819	$618,250
Do	do	Dormitory	15,448	689,000
Birch Bay	Whatcom County Water	Water facilities	9,995	628,420
Blaine	City	Water system improvements.	1,500	64,500
Do	do	Sewer system	3,500	313,700
Davenport	Lincoln County Hospital District.	General hospital	24,100	845,000
Ellensburg	Kittitas County	do	22,000	1,383,000
Everett	School district No. 2	High school improvements	18,000	882,000
Goldendale	City	Water system extension	3,500	113,500
Do	do	Sanitary sewer system	3,500	202,000
Kennewick, Berlin County	Washington public power supply system.	Hydroelectric dam	285,000	8,837,000
Metaline Falls	Public utility district	Hydroelectric facilities	143,000	4,885,000
Mount Vernon	Skagit County Utility District.	Water system	25,000	935,000
Mukilteo	Town	do	12,305	283,500
Normandy Park	do	Sanitary sewer system	8,000	963,000
Lynwood	City	do	100,000	1,700,000
Odessa	Lincoln County Hospital District.	Hospital, nurses home	6,100	339,474
Okanogan County	Hospital district No. 3	General hospital	17,500	795,000
Olympia	State government	Archives building	23,361	571,000
Seattle	Metropolitan	Sewage treatment	452,000	17,262,000
Do	do	Interceptor, outfall	257,000	4,867,000
Spokane	City	Airport facilities	120,000	4,400,000
Do	do	Municipal buildings	216,000	9,159,000
Sumner	Pierce County drainage	Storm drainage	12,660	232,600
Tacoma	City	Highway bridge	25,000	3,000,000
Do	do	Storage building	25,000	1,000,000
Usk	Pend Oreille County	Highway bridge	25,000	890,000
Washougal	Town	Sanitary sewer system	9,500	800,000
Waterville	Douglas County	Highway improvements	10,500	1,000,000
Subtotal			1,887,288	67,658,944
WEST VIRGINIA (9)				
Craigsville	Public Service District	Water facilities	22,637	532,000
Fairmont	Marion County Board of Education.	Elementary school	19,575	540,900
Follansbee	Public Service District	Water system	16,480	341,470
Harrisville	Town	Sanitary sewer system	3,000	189,300
Martinsburg	City	Water facilities	15,000	360,000
Montgomery	do	Sewer improvements	9,000	660,000
Quiet Dell	Town	Water system extension	2,125	107,000
Wierton	City	Water treatment	41,000	1,250,000
Do	do	Waterline extension	44,000	1,250,000
Subtotal			172,817	5,230,670
WYOMING (3)				
Jackson	Town	Street improvements	5,600	240,000
Do	do	Water storage	4,000	226,000
Natrona County	Brooks Water & Sewer District.	Sanitary sewer system	5,500	375,000
Subtotal			15,100	841,000
Total (521 projects)			18,001,105	1,077,104,817

Mr. CONWAY. We in the Housing Agency have the resources and experience necessary to perform effectively the functions which would be assigned to us by this bill.

Over the years, units of the Housing Agency have administered a number of Federal financial assistance programs for the construction of State and local public works, including (1) over 4,000 Lanham Act projects during World War II involving about $360 million in loans,

grants, and direct Federal construction, and (2) over 100 defense community facilities projects under Public Law 139 involving about $20 million in loans and grants during the Korean war.

Presently, our Community Facilities Administration administers the following:

(1) The public facility loan program which has a borrowing authority of $650 million;

(2) The college housing loan program with a present borrowing authority of almost $2 billion; and

(3) The senior citizens housing loan program with an authorization of $125 million.

The Agency also supervises (on behalf of the Department of Health, Education, and Welfare) certain aspects of the impacted area school construction program under Public Law 815 involving almost 5,000 schools and approximately $1 billion in Federal funds, and handles (on behalf of the Area Redevelopment Administration) applications for loan and grant assistance for public facilities under the Area Redevelopment Act, a program which as Mr. Bass has described, has just been getting under way.

The administration of these programs has given the Housing Agency broad experience with the various types of facilities that would be constructed with funds made available by the proposed legislation. The Agency also has become familiar with the mechanics of making and supervising the types of loans and grants contemplated.

Let me assure the committee that if the Housing Agency is given the responsibilities contemplated by the proposed legislation, they will be administered with efficiency and economy.

Mr. Chairman, this concludes my prepared statement.

Senator McNamara. Mr. Conway, I thank you very much for this very concise, well-organized presentation.

Do you estimate that your Agency alone could use all of the $600 million that would be available under this bill?

Mr. Conway. I would put it this way, Senator McNamara, that our Agency would be prepared to administer very quickly as much of the $600 million as the President would assign to us.

Senator McNamara. I have no further questions. Senator Randolph, do you have any questions of the witness?

Senator Randolph. I haven't had the opportunity to be conversant with the testimony of the witness. Thank you, Mr. Chairman.

Senator McNamara. Well, again I want to thank you and your associates for a very fine presentation.

(The prepared statement of Mr. Jack Conway follows:)

STATEMENT OF JACK CONWAY, DEPUTY HOUSING AND HOME FINANCE ADMINISTRATOR

Mr. Chairman, I appreciate the opportunity to appear before this committee and assist in your consideration of legislation to provide authority to accelerate capital improvements when needed to stimulate the economy. (S. 2965, introduced by Senators Clark, McCarthy, Pell and Randolph and S. 2817, introduced by Senators Humphrey and McCarthy; and amendments to S. 2965 proposed by the administration.)

My remarks will be directed primarily to the aspects of the legislation relating to the Housing and Home Finance Agency, as the general merits of the proposals have been discussed by other administration witnesses.

Mr. Sidney Woolner, the Community Facilities Commissioner, and Mr. Milton Semer, our General Counsel, are here to assist in answering any questions you may have concerning our existing programs or the role of the Housing Agency under the proposed legislation.

Under the administration proposal (S. 2965) the Housing and Home Finance Administrator would have responsibility for carrying out functions with respect to three important programs:

(1) A new program of grants to States and local public bodies, under section 6 of the bill, for capital improvement projects not eligible for grants under existing Federal programs;

(2) A new program of Federal loans to States and localities, under section 7, for capital improvement projects where the State or locality is otherwise unable to furnish its share of the cost; and

(3) Assistance for the advance planning of public works by localities.

Grants.—In administering the new grant program, the Housing Administrator would have available such funds as the President allocates for this purpose under the bill. These grants would be available for the initiation or acceleration of a broad range of capital improvements projects not eligible for grants under existing Federal programs. The amount of each grant under this new grant program in the bill could not exceed 50 percent of the cost of undertaking and completing the project being assisted.

Projects or programs initiated or accelerated under the provisions of this bill, which are also eligible for grants under existing Federal programs, would be administered by the Departments and agencies which conduct the existing grant program. Examples of these projects are hospitals eligible under the Hill-Burton Act and airports eligible under the Federal Aid to Airports Act.

Loans.—In administering the new Federal loan program, the Housing Administrator would have available such funds as the President allocates for this purpose under the bill.

These loans could be made only to a State or local public body or nonprofit organization which otherwise would be unable to meet its share of the cost of a project for which a Federal grant is made under the bill.

The loans could be made in connection with projects assisted with grants under either the grant program administered by the Housing Agency or a grant program pursuant to section 5 of the bill, which relates to projects eligible for Federal grants under existing law.

The loans would be repayable over a period not to exceed 40 years.

They would have a maximum interest rate that would currently be 3⅝ percent, which would be similar to that presently charged in the public facility loan program administered by the Housing Agency.

Advance planning.—The administration proposal reemphasizes the importance of the advance planning of capital improvement projects as a necessary step to assure that an adequate backlog will be ready for prompt action when Federal assistance is made available under the standby authority of the bill. Thus, section 2 would require that "the Federal Government shall assist and encourage the States and local governmental bodies, under provisions of existing law, to make advance plans for capital improvement projects."

Section 10 of the bill would authorize the appropriation of additional funds for the existing program of the Housing Agency (sec. 702 of the Housing Act of 1954) for making interest-free advances to localities for public works planning. The purpose of this program is to assist States and localities in the advance preparation for public works construction, thereby facilitating efficient long-range planning and providing a pipeline of planned public works, which can be placed under construction within a reasonable period of time. At present there is a statutory $58 million limitation on the amounts available for advances. Of this amount, $43 million has been appropriated, and less than a million dollars of these funds remain uncommitted. Independent of the proposed legislation, administration requests for additional appropriations for the program during this session of the Congress will exhaust the $58 million authorization. The bill would remove the dollar limitation on the authorization for appropriation.

Under existing law, the Housing Agency also is authorized "to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State and local public works."

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Upon enactment of the administration proposal, the Housing Agency would expand its public works planning assistance program, initiate continuing current surveys of the status of State and local public works planning and of estimated requirements for State and local public works, and encourage the establishment of a comprehensive reserve of State and local planned public works.

The action of the Congress in establishing the existing public works planning assistance program was based on the recognition of a tremendous need for additional public works construction. In 1960, the Census Bureau, on behalf of the Housing and Home Finance Agency, conducted a survey of public works expenditures by State and local governments that were in the planning stage. The survey indicated that over an 18-month period ending December 31, 1961, State and local governments were scheduled to complete the planning of public works projects with an estimated total construction cost of $21.7 billion.

A total of 88,000 projects were contemplated, of which about 58,000 were estimated to cost under $100,000 per project, 25,000 were estimated to cost between $100,000 and $1 million per project, and 5,000 were estimated to cost in excess of $1 million per project.

Assuming an average cost of $50,000 per project for the 58,000 projects estimated to cost under $100,000, there is approximately $2.9 billion worth of such small project work planned.

Assuming an average cost of $500,000 for the 25,000 projects estimated to cost between $100,000 and $1 million per project, there is approximately $12.5 billion worth of such moderate sized project work planned.

The construction of a building, such as a college dormitory costing $1 million takes about 11 months to complete, a $1 million sewer facility about 8 months, and a $100,000 street repair job about 3 to 4 months.

A great many of these planned State and local projects could be initiated within a reasonably short time after the President declares an acceleration period, and could be completed within 12 months.

Many types of community facilities are needed and have been planned. In addition to improved sanitation and water facilities, there is an urgent need to increase the number of hospitals and other health facilities.

Many communities are faced with the need to make large expenditures to improve transit system ways and structures, and to maintain and provide other fixed facilities for bus operations, many of which are publicly owned. The increased flow of urban traffic has also greatly increased the need for highway and railroad overpasses, and street improvements and repairs. There are also great backlog needs for community buildings. The population growth and replacement needs for firehouses, police stations and administration buildings require an acceleration of such construction. To keep abreast with population growth, the construction of new public library space should be twice as great as it has been.

With your permission, Mr. Chairman, I will submit for the record a statement giving a summary of the planning advances made by the Housing Agency during 1961 and indicating the types of facilities planned, their location, and the estimated costs of construction.

We in the Housing Agency have the resources and experience necessary to perform effectively the functions which would be assigned to it by the bill.

Over the years, units of the Housing Agency have administered a number of Federal financial assistance programs for the construction of State and local public works, including (1) over 4,000 Lanham Act projects during World War II involving about $360 million in loans, grants, and direct Federal construction, and (2) over 100 defense community facilities projects under Public Law 139 involving about $20 million in loans and grants during the Korean war.

Presently, our Community Facilities Administration administers the following:

(1) The public facility loan program which has a borrowing authority of $650 million;

(2) The college housing loan program with a present borrowing authority of almost $2 billion; and

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The Agency also supervises (on behalf of the Department of Health, Education, and Welfare) certain aspects of the impacted area school construction program under Public Law 815 involving almost 5,000 schools and approximately $1 billion in Federal funds, and handles (on behalf of the Area Redevelopment

Administration) applications for loan and grant assistance for public facilities under the Area Redevelopment Act, a program which is just getting underway.

The administration of these programs has given the Housing Agency broad experience with the various types of facilities that would be constructed with funds made available by the proposed legislation. The Agency also has become familiar with the mechanics of making and supervising the types of loans and grants contemplated.

Let me assure the committee that if the Housing Agency is given the responsibilities contemplated by the proposed legislation they will be administered with efficiency and economy.

Mr. Chairman, this concludes my prepared statement.

Senator McNamara. I want to announce that there will be a meeting at 10 a.m. Monday, an executive committee meeting, to consider this legislation and also to receive a report from the Subcommittee on Public Buildings and Grounds under the chairmanship of Senator Randolph of West Virginia.

Thank you very much. The hearings are adjourned.

(Whereupon, at 12:05 p.m., the committee adjourned, to reconvene in executive session at 10 a.m., Monday, April 16, 1962.)

APPENDIXES

(The following communications, statements, and exhibits were submitted and ordered printed by the chairman:)

Appendix A

Federal Civil Public Works: New Starts

Eligible Federal projects which can be completed within 18 months

Time required to start	Total estimated cost (millions)	Cost of work (in millions) by time required to complete	
		1 to 12 months	13 to 18 months
1 to 3 months	$587	$446	$141
4 to 6 months	769	640	129
7 to 9 months	194	118	76
10 to 12 months	211	211	(1)
Total	1,761	1,415	[1] 346

[1] In addition, an unknown but substantial portion of the $959,000,000 of projects which could be started within 10 to 12 months and completed within 13 to 18 months would fall within the 27-month term of the acceleration period provided under S. 2965, as reported.

Source: Advance public works programs for fiscal year 1962 and succeeding years, submitted by agencies to Bureau of the Budget in February 1961 under Bureau of the Budget Circular No. A-35. Bureau of the Budget, Apr. 18, 1962.

Estimated cost of eligible Federal projects which can be completed within 18 months, by major agency

Agency	*Estimated cost (millions)*
National Park Service	$401
Tennessee Valley Authority	321
Forest Service	166
Corps of Engineers, civil	101
Bureau of Indian Affairs	73
Fish and Wildlife Service	48
Bureau of Mines	22
Federal Aviation Agency	246
National Advisory Committee for Aeronautics	88
General Services Administration	59
Office of Education	45
Post Office	43
Coast Guard	35
Public Health Service	21
Other agencies	92
Total	[1] 1,761

[1] In addition, an unknown but substantial portion of the $959 million of projects which could be started within 10 to 12 months and completed within 13 to 18 months would fall within the 27-month term of the acceleration period provided under S. 2965, as reported.

Source: Advance public works programs for fiscal year 1962 and succeeding years, submitted by agencies to Bureau of the Budget in February 1961 under Bureau of the Budget Circular No. A-35. Bureau of the Budget, Apr. 18, 1962.

Appendix B

Areas Eligible in Each State for Immediate Assistance Under Section 8 of S. 2965 (as Amended) "Standby Public Works Act of 1962" as of March 1962

The areas which would be eligible for immediate assistance under the revised Chavez amendment (sec. 8) of S. 2965 consist of:

(*a*) 146 areas designed by the Secretary of Commerce as redevelopment areas under section 5(a) of the Area Redevelopment Act (Public Law 87-27);

(*b*) 778 areas (including 50 Indian reservation areas) designated as redevelopment areas under section 5(b) of the same act;

(*c*) 105 other areas not now designated as redevelopment areas but which have been designated by the Secretary of Labor as areas of substantial unemployment for each of the last 12 months; and

(*d*) 27 other areas which have been areas of substantial unemployment in 9, 10, or 11 of the last 12 months (these areas, which were added by the Senate committee revision of the original Chavez amendment, are indicated by star (*) in the following list).

The tabulation below gives the State-by-State distribution of eligible areas, based on March 1962 conditions. The detailed criteria for each of these types of areas are summarized at the end of the table. To avoid duplication, areas located in two or more States are listed in one State in accordance with the classifications of labor market areas of the Department of Labor.

ALABAMA

5(a) Redevelopment areas

Gadsden (including Etowah County).
Jasper (including Walker County).

5(b) Redevelopment areas

(1) Counties:
- Autauga
- Barbour
- Bibb
- Blount
- Bullock
- Butler
- Cherokee
- Chilton
- Choctaw
- Clarke
- Conecuh
- Coosa
- Crenshaw
- Cullman
- Dallas
- De Kalb
- Elmore
- Fayette
- Greene
- Hale

(1) Counties—Continued
- Jackson
- Lamar
- Limestone
- Lowndes
- Macon
- Marengo
- Marshall
- Marion
- Perry
- Pickens
- Russell
- Saint Clair
- Shelby
- Sumter
- Washington
- Wilcox
- Winston

(2) Indian Reservation Areas:
- None.

Other areas of continuous substantial unemployment

(1) Major areas:
- Birmingham
- Mobile

(2) Smaller areas:
- Anniston
- Talladega

ALASKA

5(a) Redevelopment areas

Anchorage (including Election District No. 10).

5(b) Redevelopment areas

(1) Election districts:
- Aleutian Islands (No. 14)
- Barrow (No. 21)
- Bethel (No. 16)
- Bristol Bay (No. 15)
- Cordova-McCarthy (No. 7)
- Fairbanks (No. 19)
- Kenai-Cook Inlet (No. 12)
- Ketchikan (No. 2)
- Kobuk (No. 22)
- Kodiak (No. 13)
- Kuskokwim (No. 17)
- Lynn Canal-Icy Straits (No. 6)

(1) Election districts—Continued
- Nome (No. 23)
- Palmer-Wasilla-Talkeetna (No. 9)
- Prince of Wales (No. 1)
- Seward (No. 11)
- Yukon-Koyukuk (No. 18)

(2) Indian reservation areas:
- Bristol Bay
- Norton Sound
- Cook Inlet
- Southeast

Other areas of continuous substantial unemployment

None.

ARIZONA

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties:
- Apache
- Mohave
- Navajo

(2) Indian reservation areas:
- Colorado River (including Yuma County and parts of Riverside and San Bernardino Counties in California).
- Fort Apache (including Apache, Gila, and Navajo Counties).
- Gila River (including Pinal, and Maricopa Counties).
- Hopi (including Navajo, and Coconino Counties).
- Navajo (including Apache, Coconino, and Navajo Counties in Arizona, and McKinley and San Juan Counties in New Mexico, and San Juan County in Utah).
- Papago (including Maricopa, Pima, and Pinal Counties).
- San Carlos (including Gila, Graham, and Pinal Counties).
- Salt River (including Maricopa County).

Other areas of continuous substantial unemployment

None.

ARKANSAS

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties:
- Ashley
- Baxter
- Calhoun
- Chicot
- Cleburne
- Conway
- Crittenden
- Desha
- Drew
- Franklin
- Fulton
- Independence
- Izard
- Johnson
- Lee
- Lincoln

(1) Counties—Continued
- Little River
- Madison
- Marion
- Montgomery
- Newton
- Ouachita
- Perry
- Phillips
- Scott
- Searcy
- Sharp
- Stone
- Van Buren
- Woodruff

(2) Indian reservation areas:
None

Other areas of continuous substantial unemployment

(1) Major areas: None.

(2) Smaller areas: Camden*.

CALIFORNIA

5(a) Redevelopment areas

Modesto (including Stanislaus County).
Ukiah (including Mendocino County).

5(b) Redevelopment areas

(1) Counties:
- Del Norte
- Lassen
- Plumas
- San Benito

(1) Counties—Continued
- Sierra
- Trinity

(2) Indian reservation areas:
None

Other areas of continuous substantial unemployment

(1) Major areas:
- Fresno
- Los Angeles-Long Beach*
- San Bernardino-Riverside-Ontario
- San Diego

(1) Major areas—Continued
- Stockton

(2) Smaller areas:
- Eureka
- Oxnard*

COLORADO

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties:
- Alamosa
- Clear Creek
- Conejos
- Costilla
- Gilpin

(1) Counties—Continued
- Huperfano
- Las Animas

(2) Indian reservation areas:
- None

Other areas of continuous substantial unemployment

(1) Major areas: None

(2) Smaller areas: Pueblo

CONNECTICUT

5(a) Redevelopment areas

Ansonia (including Ansonia, Derby, Oxford, and Seymour, towns in New Haven County).

Bristol (including Bristol, town in Hartford County, and Plymouth, town in Litchfield County).

Danielson (including Brooklyn, Canterbury, Eastford, Killingly, Plainfield, Pomfret, Putnam, Sterling, Thompson, and Woodstock, towns in Windham County).

5(b) Redevelopment areas

None.

Other areas of continuous substantial unemployment

(1) Major areas:
- Bridgeport
- New Britain
- Waterbury

(2) Smaller areas:
- Meriden
- Middletown
- Norwich
- Torrington
- Willimantic*

DELAWARE

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

None.

Other areas of continuous substantial unemployment

(1) Major areas: None

(2) Smaller areas: Dover

FLORIDA

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties:
- Calhoun
- Franklin
- Holmes
- Jackson
- Jefferson
- Lafayette
- Liberty

(1) Counties—Continued
- Pasco
- Suwannee
- Walton
- Washington

(2) Indian reservation areas:
- None

Other areas of continuous substantial unemployment

(1) Major areas:
Miami

(2) Smaller areas:
Fort Lauderdale-Hollywood
Sarasota-Bradenton*

GEORGIA

5(a) Redevelopment areas

Carrollton (including Carroll County).
Cedartown-Rockmart (including Paulding and Polk Counties).

5(b) Redevelopment areas

(1) Counties:
Baker
Baldwin
Banks
Barrow
Brantley
Bryan
Bulloch
Burke
Calhoun
Chattahoochee
(except Fort Benning)
Clay
Crisp
Dawson
Dooly
Dougherty
Early
Elbert
Forsyth
Franklin
Glascock
Habersham
Hancock
Heard
Henry
Jefferson
Jenkins
Johnson
Laurens
Lee
Lincoln
Lumpkin

(1) Counties—Continued
Macon
Marion
McIntosh
Meriwether
Montgomery
Oglethorpe
Pulaski
Rabun
Randolph
Schley
Screven
Stewart
Sumter
Talbot
Taliaferro
Taylor
Terrell
Toombs
Towns
Twiggs
Union
Walton
Warren
Washington
Wayne
Webster
Wheeler
White
Wilkes
Worth

(2) Indian Reservation areas:
None

Other areas of continuous substantial unemployment

(1) Major areas:
None

(2) Smaller areas:
Toccoa*
Griffin*

HAWAII

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties: Hawaii

(2) Indian reservation areas: None

Other areas of continuous substantial unemployment

None.

IDAHO

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties:
- Benewah
- Bonner
- Boundary
- Clearwater
- Idaho
- Kootenai
- Shoshone (Avery-Clarkia CCD)

(2) Indian reservation areas:
- Fort Hall (including Bannock, Bingham, Caribou, and Power Counties)
- Nez Perce (including Clearwater, Idaho, Lewis, and Nez Perce Counties)

Other areas of continuous substantial unemployment

None.

ILLINOIS

5(a) Redevelopment areas

Cairo-Metropolis (including Alexander, Massac, and Pulaski Counties)
Centralia (including Clinton and Marion Counties)
Harrisburg (including Gallatin, Hardin, Pope, Saline, and White Counties)
Herrin-Murphysboro-West Frankfort (including Franklin, Jackson, Johnson, Perry, Union, and Williamson Counties)
Litchfield (including Bond, Christian, Macoupin, and Montgomery Counties)
Mount Vernon (including Hamilton, Jefferson, and Wayne Counties)

5(b) Redevelopment areas

(1) Counties:
- Edwards
- Richland
- Carroll
- Jersey
- Mercer

(1) Counties—Continued
- Monroe
- Moultrie
- Randolph

(2) Indian reservation areas:
- None

Other areas of continuous substantial unemployment

(1) Major areas: None

(2) Smaller areas:
- Canton
- Danville*
- Decatur

(2) Smaller areas—Continued
- Galesburg
- Kankakee*
- La Salle
- Mattoon

INDIANA

5(a) Redevelopment areas

Evansville (including Vanderburgh County, Ind., and Henderson County, Ky.)
New Castle (including Henry County)

5(b) Redevelopment areas

(1) Counties:
- Clark
- Clay
- Crawford
- Dearborn
- Greene
- Harrison
- Jasper
- Jennings
- Lawrence
- Martin
- Monroe
- Morgan
- Ohio

(1) Counties—Continued
- Orange
- Perry
- Pike
- Pulaski
- Ripley
- Scott
- Spencer
- Starke
- Sullivan
- Switzerland
- Vermillion
- Washington

(2) Indian reservation areas: None

Other areas of continuous substantial unemployment

(1) Major areas:
- South Bend
- Terre Haute

(2) Smaller areas:
- Connersville

(2) Smaller areas—Continued
- Michigan City-La Porte
- Muncie
- Vincennes

IOWA

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties:
- Appanoose
- Monroe

(2) Indian reservation areas:
- None

Other areas of continuous substantial unemployment

None.

KANSAS

5(a) Redevelopment areas

Pittsburg (including Cherokee and Crawford Counties)

5(b) Redevelopment areas

(1) Counties: Rice

(2) Indian reservation areas: None

Other areas of continuous substantial unemployment

(1) Major areas: None

(2) Smaller areas: Coffeyville-Independence-Parsons

KENTUCKY

5(a) Redevelopment areas

Corbin (including Clay, Knox, Laurel, and Whitley counties)
Danville (including Boyle, Garrard, Lincoln, and Mercer counties)
Elizabethtown (including Grayson, Hardin, Larue, and Meade counties)
Hazard (including Breathitt, Letcher, and Perry counties)
Hopkinsville (including Caldwell, Christian, Todd, and Trigg counties)
Madisonville (including Hophins, Muhlenberg, and Webster counties)
Middlesboro-Harlan (including Bell, Harlan, and Leslie counties)
Morehead-Grayson (including Carter, Elliott, Greenup, and Rowan counties)
Paducah (including Ballard, Graves, McCracken, and Marshall counties)
Paintsville-Prestonsburg (including Floyd, Johnson, Knott, Magoffin, and Martin counties)
Pikesville-Williamson (including Pike County, Ky., and Mingo County, W. Va.)
Richmond (including Estill, Jackson, Madison, and Rockcastle counties)

5(b) Redevelopment areas

(1) Counties:
- Adair
- Allen
- Barren
- Bath
- Butler
- Calloway
- Carlisle
- Clinton
- Crittenden
- Cumberland
- Edmondson
- Fulton
- Green
- Hart
- Hickman
- Lawrence
- Lee
- Lewis
- Livingston
- Logan

(1) Counties—Continued
- Lyon
- Menifee
- Metcalfe
- McCreary
- Monroe
- Morgan
- Nelson
- Oldham
- Owsley
- Pendleton
- Powell
- Pulaski
- Russell
- Scott
- Shelby
- Simpson
- Warren
- Wayne
- Wolfe

Other areas of continuous substantial unemployment

(1) Major areas: Louisville

(2) Smaller areas: Owensboro

LOUISIANA

5(a) Redevelopment areas

Hammond (including Tangipahoa Parish).
Opelousas (including St. Landry Parish).

5(b) Redevelopment areas

(1) Parishes:
- Arcadia
- Allen
- Ascension
- Avoyelles
- East Carroll
- East Fenciana
- Evangeline
- Franklin
- Lafayette
- Madison

(1) Parishes—Continued
- Natchitoches
- Red River
- Sabine
- Tensas
- Vermilion
- Vernon
- Washington
- Webster
- West Carroll

(2) Indian reservation areas: None

Other areas of continuous substantial unemployment

(1) Major areas:
- Baton Rouge
- New Orleans

(2) Smaller areas:
- Alexandria*
- Lake Charles

MAINE

5(a) Redevelopment areas

Biddeford-Sanford (including city of Biddeford, city of Saco and Acton, Alfred, Arundel, Buxton, Cornish, Dayton, Hollis, Kennebunk, Kennebunkport, Lebanon, Limerick, Limington, Lyman, Newfield, North Berwick, Old Orchard Beach, Parsonfield, Sanford, Shapleigh, and Waterboro towns in York County)

5(b) Redevelopment areas

(1) Counties:
Crystal, Dyer Brook, Hersey Town, Island Falls, Merrill, Moro Plantation, Oakfield, Sherman, and Smyrna, towns in Aroostook County.
Camden, Cushing, Friendship, Hope, Owls Head, Rockport, St. George, South Thomaston, Union, Warren, and Rockland City, towns in Knox County.
Boothbay, Boothbay Harbor, Southport, and Waldoboro, towns in Lincoln County.
Mt. Chase Plantation, Platten, Stacyville, and Township 2. R6, W.E.L.S. (Herseytown), towns in Penobscot County.
Piscataquis and Washington
(2) Indian reservation areas: None

Other areas of continuous substantial unemployment

(1) Major areas: None
(2) Smaller areas: Lewiston-Auburn

MARYLAND

5(a) Redevelopment areas

Cambridge (including Dorchester County)
Cumberland (including Allegany County, Md., and Mineral County, W. Va.)
Hagerstown (including Washington County)

5(b) Redevelopment areas

(1) Counties:
Cecil
Garrett
(1) Counties—Continued
Somerset
(2) Indian reservation areas: None.

Other areas of continuous substantial unemployment

None.

MASSACHUSETTS

5(a) Redevelopment areas

Fall River (including city of Fall River and Somerset, Swansea, and Westport, towns in Bristol County, Mass., and Tiverton, town in Newport County, R.I.)
Lowell (including city of Lowell and Billerica, Chelmsford, Dracut, Tewksbury, and Tyngsborough, towns in Middlesex County)
New Bedford (including city of New Bedford and Achushnet, Dartmouth, and Fairhaven, towns in Bristol County, and Marion, and Mattapoisett, towns in Plymouth County)
North Adams (including city of North Adams and Adams, Clarksburg, Florida, New Ashford, Savoy, and Williamstown, towns in Berkshire County, and Monroe, town in Franklin County)

5(b) Redevelopment areas

(1) Counties:
Dukes and Kingston, Plymouth, and Plympton, towns in Plymouth County.
(2) Indian reservation areas: None.

Other areas of continuous substantial unemployment

(1) Major areas:
Brockton
Lawrence-Haverhill
Springfield-Chicopee-Holyoke
(2) Smaller areas:
Milford
Newburyport

MICHIGAN

5(a) Redevelopment areas

Adrain (including Lenawee County).
Bay City (including Bay County).
Detroit (including Malcomb, Oakland, and Wayne Counties).
Escanaba (including Delta and Schoolcraft Counties and Harris, Meyer, and Spalding Townships in Menominee County).
Flint (including Genessee County).
Marquette (including Marquette County).
Monroe (including Monroe County).
Port Huron (including St. Clair County).
Traverse City (including Grand Traverse, Kalkaska, and Leelanau Counties).

5(b) Redevelopment areas

(1) Counties:
- Alger
- Antrim
- Arenac
- Baraga
- Benzie
- Charlevoix
- Cheboygan
- Chippewa
- Dickinson
- Emmet
- Gogebic
- Gratiot
- Hillsdale
- Houghton
- Huron
- Iron
- Keweenaw
- Lake

(1) Counties—Continued
- Lapeer
- Livingston
- Luce
- Mackinac
- Mecosta
- Menominee (except townships of Harris, Myer, Spalding)
- Misaukee
- Oceana
- Ontonagon
- Osceola
- Roscommon
- Sanilac
- Tuscola
- Van Buren
- Wexford

(2) Indian reservation areas:
- None

Other areas of continuous substantial unemployment

(1) Major areas:
- Battle Creek
- Muskegon-Muskegon Heights

(2) Smaller areas:
- Holland-Grand Haver
- Ionia-Belding-Greenville*

(2) Smaller areas—Continued
- Iron Mountain
- Jackson
- Mount Pleasant
- Sturgis*

MINNESOTA

5(a) Redevelopment areas

Brainerd-Grand Rapids (including Aitkin, Cass, Crow Wing, and Itasca Counties).
Duluth-Superior (including city of Duluth in St. Louis County, Minn., and Douglas County, Wis.).
Hibbing-Virginia (including St. Louis County *except* city of Duluth).

5(b) Redevelopment areas

(1) Counties:
- Beltrami
- Carlton
- Clearwater
- Cook
- Douglas
- Hubbard
- Kanabec
- Koochiching
- Lake
- Lake of the Woods
- Pine

(1) Counties—Continued
- Roseau

(2) Indian reservation areas:
- Northern Minnesota (Leech Lake, Nett Lake, Red Lake, and White Earth) Reservation Area (including Beltrami, Becker, Cass, Clearwater, Itasca, Koochiching, Mahnomen, and St. Louis Counties)

Other areas of continuous substantial unemployment

None.

MISSISSIPPI

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties:
- Attala
- Amite
- Benton
- Bolivar
- Calhoun
- Carroll
- Chickasaw
- Choctaw
- Claiborne
- Clarke
- Clay
- Copiah
- Covington
- De Soto
- Franklin
- Hancock
- Holmes
- Humphreys
- Issaquena
- Jasper
- Jefferson
- Jefferson Davis
- Kemper
- Lafayette
- Lawrence
- Leake
- Leflore
- Lincoln
- Madison
- Marion

(1) Counties—Continued
- Marshall
- Neshoba
- Newton
- Noxubee
- Oktibbeha
- Panola
- Pike
- Pontotoc
- Quitman
- Sharkey
- Simpson
- Smith
- Sunflower
- Tallahatchie
- Tate
- Tippah
- Tunica
- Walthall
- Warren
- Washington
- Webster
- Wilkinson
- Winston
- Yalobusha
- Yazoo

(2) Indian reservation areas:
- Choctaw (including Attala, Jones, Leake, Neshoba, Newton, Kemper, and Scott Counties)

Other areas of continuous substantial unemployment

(1) Major areas: None

(2) Smaller areas:
- Biloxi-Gulfport
- Greenville

(2) Smaller areas—Continued
- Laurel
- Tupelo

MISSOURI

5(a) Redevelopment areas

Flat River (including Iron, Madison, St. Francois, Ste. Genevieve, and Washington Counties).
Washington (including Franklin County).

5(b) Redevelopment areas

(1) Counties:
- Bollinger
- Carter
- Dallas
- Douglas
- Dent
- Grundy
- Hickory
- Howell
- Lafayette
- Mercer
- Oregon

(1) Counties—Continued
- Ozark
- Pemiscot
- Reynolds
- Ripley
- Shannon
- Stone
- Taney
- Texas
- Wayne
- Wright

(2) Indian reservation areas: None

Other areas of continuous substantial unemployment

(1) Major areas: Kansas City

(2) Smaller areas: Cape Girardeau*

MONTANA

5(a) Redevelopment areas

Butte (including Silver Bow County)
Kalispell (including Flathead and Lincoln Counties)

5(b) Redevelopment areas

(1) Counties:
- Carbon
- Deer Lodge
- Lake
- Ravalli
- Sanders

(2) Indian reservation areas:
- Jackfeet (including Pondera and Glacier Counties)
- Crow (including Yellowstone and Big Horn Counties)
- Flathead (including Missoula, Flathead, Lake, and Sanders Counties)
- Fort Belknap (including Blaine and Phillips Counties)
- Fort Peck (including Roosevelt, parts of Valley, Daniels, and Sheridan Counties)
- Northern Cheyenne (including Big Horn and Rosebud Counties)
- Rocky Boys (including Chouteau and Hill Counties)

Other areas of continuous substantial unemployment

None.

NEBRASKA

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties:
- Boone
- Buffalo
- Custer
- Dawson
- Garfield
- Greeley
- Howard
- Loup
- Nance

(1) Counties—Continued
- Sherman
- Valley
- Wheeler

(2) Indian reservation areas:
- Omaha-Winnebago (including mainly Thurston, parts of Burt, Cuming, and Dixon Counties)

Other areas of continuous substantial unemployment

None.

NEVADA

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties:
Lincoln
Mineral

(2) Indian reservation areas: Pyramid Lake (including part of Washoe County).

Other areas of continuous substantial unemployment

(1) Major areas: None

(2) Smaller areas: Las Vegas

NEW HAMPSHIRE

None.

NEW JERSEY

5(a) Redevelopment areas

Atlantic City (including Atlantic County).
Bridgeton (including Cumberland County).
Lakewood-Toms River (including Ocean County).
Long Branch (including Monmouth County).
Ocean City-Wildwood-Cape May (including Cape May County).
Paterson- Passaic (including Passaic County).

5(b) Redevelopment areas

None.

Other areas of continuous substantial unemployment

(1) Major areas:
Jersey City
New Brunswick-Perth Amboy*
Newark

(2) Smaller areas:
Newton*

NEW MEXICO

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties:
Catron
Colfax
Grant
Guadalupe
McKinley
Mora
Rio Arriba
Sandoval

(1) Counties—Continued
San Juan
San Miguel
Santa Fe
Socorro
Taos
Torrance
Valencia

(2) Indian reservation areas:
Acoma (including Valencia County).
Jamez (including Sandoval County).
Jicarilla (including Rio Arriba and small part in Sandoval Counties).
Mascalero (including Otero County).
Ramah (including McKinley and Valencia Counties).
Santa Domingo (including Rio Arriba, Sandoval, and Santa Fe Counties).
Zuni (including McKinley and Valencia Counties).
Isleta Pueblo (including Bernalillo and part of Valencia Counties).
Laguno Pueblo (including Valencia and part of Bernalillo and Sandoval Counties).

Other areas of continuous substantial unemployment

None.

NEW YORK

5(a) Redevelopment areas

Amsterdam (including Montgomery County).
Auburn (including Cayuga County).
Gloversville (including Fulton County).
Jamestown-Dunkirk (including Chautauqua County).
Ogdensburg-Massena-Malone (including Franklin and St. Lawrence Counties).
Oneonta (including Otsego County).
Plattsburgh (including Clinton County).
Schenectady (including Schenectady County).
Watertown (including Jefferson County).

5(b) Redevelopment areas

(1) Counties: Essex

(2) Indian reservation areas: None

Other areas of continuous substantial unemployment

(1) Major areas:
- Buffalo
- Utica-Rome

(2) Smaller areas:
- Batavia*
- Corning-Hornell*

(2) Smaller areas—Continued
- Elmira
- Glens Falls-Hudson Falls
- Newburgh-Middletown-Beacon
- Olean-Salamanca
- Wellsville

NORTH CAROLINA

5(a) Redevelopment areas

Fayetteville (including Cumberland County).
Henderson-Oxford (including Franklin, Granville, and Vance Counties).
Kinston (including Lenoir County).
Lumberton (including Robeson County).
Rockingham-Hamlet (including Richmond County).
Wilson (including Wilson County).

5(b) Redevelopment areas

(1) Counties:
- Alleghany
- Anson
- Ashe
- Avery
- Bertie
- Bladen
- Carteret
- Cherokee
- Clay
- Columbus
- Gates
- Graham
- Hoke
- Hyde
- Lincoln

(1) Counties—Continued
- Macon
- Madison
- Mitchell
- Person
- Sampson
- Swain
- Warren
- Washington
- Watauga
- Yancey

(2) Indian reservation areas: Eastern Cherokee (including Graham, Jackson, and Swain Counties).

Other areas of continuous substantial unemployment

(1) Major areas:
- Asheville
- Durham

(2) Smaller areas:
- Fayetteville
- Forest City-Rutherfordton*
- Greenville
- Hendersonville

(1) Smaller areas—Continued
- Lumberton*
- Mount Airy
- North Wilkesboro*
- Rocky Mount*
- Waynesville
- Wilson*

NORTH DAKOTA

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties: None.
(2) Indian reservation areas:
- Fort Berthold (including Dunn, McKenzie, McLean, Mercer, and Mountrail Counties).
- Fort Totten or Devils Lake (including mainly Benson and Eddy, parts of Nelson and Ramsey Counties).
- Standing Rock Sioux (including Sioux County and Corson County in South Dakota).
- Turtle Mountain (including Rolette County).

Other areas of continuous substantial unemployment

None.

OHIO

5(a) Redevelopment areas

Athens-Logan-Nelsonville (including Athens, Hocking, and Vinton Counties).
Batavia-Georgetown-West Union (including Adams, Brown, and Clermont Counties).
Cambridge (including Guernsey and Noble Counties).
Portsmouth-Chillicothe (including Jackson, Pike, Ross, and Scioto Counties).

5(b) Redevelopment areas

(1) Counties:
- Highland
- Morgan

(1) Counties—Continued
- Washington

(2) Indian reservation areas: None

Other areas of continuous substantial unemployment

(1) Major areas:
- Canton
- Hamilton-Middletown
- Lorain-Elyria
- Toledo
- Youngstown-Warren

(2) Smaller areas:
- Ashtabula-Conneaut
- Athens

(2) Smaller areas—Continued
- East Liverpool-Salem
- Fremont
- Kent-Ravenna
- Mount Vernon
- New Philadelphia-Dover
- Sandusky
- Zanesville

OKLAHOMA

5(a) Redevelopment areas

McAlester (including Pittsburg County).
Muskogee (including Muskogee County).
Okmulgee-Henryetta (including Okmulgee County).

5(b) Redevelopment areas

(1) Counties:
- Adair
- Atoka
- Cherokee
- Choctaw
- Coal
- Delaware
- Grady
- Haskell
- Hughes
- Johnston
- Latimer
- Le Flore
- Marshall

(1) Counties—Continued
- Mayes
- McCurtain
- McIntosh
- Murray
- Nowata
- Ottawa
- Okfuskee
- Pontotoc
- Pushmataha
- Sequoyah
- Wagoner

(2) Indian reservation areas:
- None

Other areas of continuous substantial unemployment

(1) Major areas: None

(2) Smaller areas:
Ardmore *
Shawnee

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties:
Clatsop
Columbia
Hood River
Josephine
Lincoln
Sherman

(1) Counties—Continued
Wasco
Yamhill

(2) Indian reservation areas:
Warm Springs (including Wasco, Jefferson, Clackamas, Marion, and Linn Counties)

Other areas of continuous substantial unemployment

(1) Major areas: Portland

(2) Smaller areas:
North Bend-Coos Bay

(2) Smaller areas—Continued
Roseburg
Klamath Falls*

PENNSYLVANIA

5(a) Redevelopment areas

Altoona (including Blair County)
Berwick-Bloomsburg (including Columbia County, except Borough of Centralia and township of Conyngham)
Butler (including Butler County)
Clearfield-DuBois (including Boroughs of Philipsburg and South Philipsburg, Rush Township in Centre County, Clearfield, Falls Creek, Reynoldsville, and Sykesville, Boroughs of Brockway, and Snyder, Washington and Winslow Townships in Jefferson County)
Erie (including Erie County)
Indiana (including Indiana County)
Johnstown (including Cambria and Somerset Counties)
Kittanning-Ford City (including Armstrong County)
Lewistown (including Juniata and Mifflin Counties)
Meadville (including Crawford County, except city of Titusville and of Athens, Bloomfield, Oil Creek, Rome, Sparta, Steuben, and Troy Townships, and Hydetown, Spartansburg, Townville, and Centerville Boroughs)
New Castle (including Lawrence County)
Pittsburgh (including Allegheny, Beaver, Washington, and Westmoreland Counties)
Pottsville-Lehighton (including Carbon and Schuylkill Counties)
St. Marys (including Cameron and Elk Counties)
Sayre-Athens-Towanda (including Bradford County)
Scranton (including Lackawanna County)
Sharon-Farrell (including Mercer County)
Sunbury-Shamokin-Mount Carmel (including Borough of Centralia, Conyngham Township in Columbia County and Montour, Northumberland, Snyder, and Union Counties)
Uniontown-Connellsville (including Fayette County)
Wilkes-Barre-Hazleton (including Luzerne County)

5(b) Redevelopment areas

(1) Counties:
Bedford
Clarion
Clinton
Forest
Fulton
Greene
Huntingdon
Jefferson
Lycoming
McKean
Monroe

(1) Counties—Continued
Perry
Pike
Potter
Sullivan
Susquehanna
Tioga
Venango
Warren
Wayne
Wyoming

(2) Indian reservation areas: None

Other areas of continuous substantial unemployment

(1) Major areas: Philadelphia
(2) Smaller areas:
Bradford
Lock Haven

(2) Smaller areas—Continued
Oil City-Franklin-Titusville
Warren*
Williamsport

RHODE ISLAND

5(a) Redevelopment areas

Providence-Pawtucket (including Bristol County; city of Warwick; and Coventry, East Greenwich, and West Warwick towns in Kent County; Jamestown town in Newport County; cities of Central Falls, Cranston, East Providence, Pawtucket, Providence, and Woonsocket; Burrillville, Cumberland, Johnston, Lincoln, North Providence, North Smithfield, and Smithfield towns in Providence County; Narragansett and North Kingstown towns in Washington County, City of Attleboro; North Attleborough and Seekonk towns in Bristol County, Mass.; Bellingham, Franklin, Plainville, and Wrentham towns in Norfolk County, Mass., and Blackstone and Millville towns in Worcester County Mass.)

5(b) Redevelopment areas

None.

Other areas of continuous substantial unemployment

None.

5(a) Redevelopment areas

Conway (including Horry County)

5(b) Redevelopment areas

(1) Counties:
Aiken
Allendale
Bamburg
Barnwell
Beaufort
Berkeley
Calhoun
Chester
Chesterfield
Clarendon
Colleton
Darlington

(1) Counties—Continued
Dorchester
Hampton
Jasper
Kershaw
Lancaster
Lee
Marlboro
McCormick
Orangeburg
Williamsburg
(2) Indian reservation areas:
None

Other areas of continuous substantial unemployment

None.

SOUTH DAKOTA

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties: Shannon.
(2) Indian reservation areas:
Cheyenne River (including mainly Dewey and Ziebach and parts of Haakon, Meade, Perkins, and Stanley Counties)
Crow Creek-Lower Brule (including mainly Buffalo and Hughes, parts of Brule and Hyde, Lyman, and Stanley Counties)
Pine Ridge (including Bennett, Shannon, and Washabaugh Counties)
Rosebud (including mainly Todd and parts of Mellette, Tripp, and Gregory Counties)
Sisseton (including mainly Marshall and Roberts and parts of Sergent Counties and Richland County in North Dakota)
Yankton (including Charles Mix and Bon Homme Counties)

Other areas of continuous substantial unemployment

None.

TENNESSEE

5(a) Redevelopment areas

Greeneville (including Greene County)
LaFollette-Jellico-Tazewell (including Campbell and Claiborne Counties)
Harriman-Rockwood (including Roane and Morgan Counties)

5(b) Redevelopment areas

(1) Counties:
- Benton
- Bledsoe
- Clay
- Cocke
- Cumberland
- Decatur
- De Kalb
- Dickson
- Fayette
- Fentress
- Grainger
- Grundy
- Hancock
- Hardeman
- Hardin
- Hickman
- Houston
- Humphreys
- Jackson
- Johnson

(1) Counties—Continued
- Macon
- Marion
- McNairy
- Overton
- Perry
- Pickett
- Putnam
- Rhea
- Robertson
- Scott
- Sequatchie
- Sevier
- Smith
- Unicoi
- Union
- Van Buren
- Wayne
- White

(2) Indian reservation areas:
- None

Other areas of continuous substantial unemployment

(1) Major areas:
- Chattanooga
- Knoxville

(2) Smaller areas:
- Bristol-Johnson City-Kingsport
- Cleveland*

UTAH

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties:
- Beaver
- Carbon
- Emery
- Garfield
- Juab
- Sanpete

(1) Counties—Continued
- Summit
- Wasatch

(2) Indian reservation areas: Uintah and Ouray (including mainly Duchesne and parts of Grand, Uintah, and Wasatch Counties)

Other areas of continuous substantial unemployment

(1) Major areas: None

(2) Smaller areas: Provo-Orem

TEXAS

5(a) Redevelopment areas

Laredo (including Webb County)

5(b) Redevelopment areas

(1) Counties:
- Anderson
- Angelina
- Bowie
- Camp
- Cass
- Cherokee
- Delta
- Dimmit
- Franklin
- Freestone
- Gregg
- Harrison
- Henderson
- Hopkins
- Houston
- Jasper
- Kenedy
- Lamar
- Leon
- Limestone
- Madison
- Marion
- McCulloch
- Montgomery
- Morris

(1) Counties—Continued
- Nacogdoches
- Newton
- Panola
- Polk
- Rains
- Red River
- Robertson
- Rusk
- Sabine
- San Augustine
- San Jacinto
- Shelby
- Smith
- Terrell
- Titus
- Trinity
- Tyler
- Upshur
- Val Verde
- Van Zandt
- Walker
- Waller
- Wood
- Zapata

(2) Indian reservation areas: None

Other areas of continuous substantial unemployment

(1) Major areas: Beaumont-Port Arthur

(2) Smaller areas: Texarkana

VERMONT

None.

VIRGINIA

5(a) Redevelopment areas

Big Stone Gap-Appalachia (including Lee and Wise Counties and independent city of Norton).

5(b) Redevelopment areas

(1) Counties:
- Buchanan
- Carroll
- Cumberland
- Dickenson
- Fluvanna

(1) Counties—Continued
- Grayson
- Russell
- Scott

(2) Indian reservation areas: None

Other areas of continuous substantial unemployment

(1) Major areas: None.

(2) Smaller areas: Covington-Clifton Forge.

WASHINGTON

5(a) Redevelopment areas

Aberdeen (including Grays Harbor County).
Anacortes (including Skagit County).
Centralia (including Lewis County).
Wenatchee (including Chelan and Douglas Counties).
Yakima (including Yakima County).

5(b) Redevelopment areas

(1) Counties:
- Clallam
- Ferry
- Jefferson
- Kittitas
- Okanogan
- Pend Oreille
- Pacific
- San Juan

(1) Counties—Continued
- Stevens

(2) Indian reservation areas:
- Colville (including mainly Perry, Okanogan, and part of Stevens Counties)
- Yakima (including mainly Yakima and part of Klickitat County)

Other areas of continuous substantial unemployment

(1) Major areas:
- Spokane
- Tacoma

(2) Smaller areas: Bellingham

WEST VIRGINIA

5(a) Redevelopment areas

Beckley (including Raleigh County).
Bluefield (including Mercer County).
Charleston (including Kanawha County).
Clarksburg (including Doddridge, Harrison, and Taylor Counties).
Fairmont (including Marion County).
Huntington-Ashland (including Cabell and Wayne Counties, Boyd County, Ky.; and Lawrence County, Ohio).
Logan * (including Boone, Logan, and Harts Creek district of Lincoln County).
Morgantown (including Monongalia County).
New Martinsville (including Tyler and Wetzel Counties, and Monroe County, Ohio).
Oak Hill-Montgomery (including Fayette County).
Parkersburg (including Pleasants, Ritchie, Wirt, and Wood Counties).
Point Pleasant-Gallipolis (including Jackson, Mason, and Putnam Counties, and Gallia and Meigs Counties, Ohio).
Ronceverte-White Sulphur Springs (including Greenbrier and Monroe Counties)
Welch (including McDowell County).
Wheeling (including Marshall and Ohio Counties and Belmont County, Ohio).

5(b) Redevelopment areas

(1) Counties:
- Braxton
- Calhoun
- Clay
- Gilmer
- Grant
- Hampshire
- Hardy
- Lewis
- Lincoln, except Harts Creek district
- Morgan
- Nicholas

(1) Counties—Continued
- Pendleton
- Pocahontas
- Preston
- Randolph
- Roane
- Summers
- Tucker
- Upshur
- Webster
- Wyoming

(2) Indian reservation areas:
- None

Other areas of continuous substantial unemployment

(1) Major areas: None

(2) Smaller areas: Martinsburg

WISCONSIN

5(a) Redevelopment areas

La Crosse (including La Crosse County)

5(b) Redevelopment areas

(1) Counties:
- Ashland
- Bayfield
- Burnett
- Door
- Florence
- Forest
- Iron
- Juneau
- Langlade
- Lincoln
- Marinette
- Menominee
- Oneida
- Portage

(1) Counties—Continued
- Price
- Rusk
- Sawyer
- Taylor
- Vilas
- Washburn

(2) Indian reservation area: Northwestern Wisconsin (Bad River, Lac Courte Greilles, Lac du Flambeau, Red Cliff, and St. Croix) reservation area (including Ashland, Bayfield, Burnett, Iron, Oneida, Polk, Sawyer, and Vilas Counties).

Other areas of continuous substantial unemployment

(1) Major areas: None

(2) Smaller areas: Marinette-Menominee

WYOMING

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

(1) Counties:
- Big Horn
- Lincoln

(2) Indian reservation areas: Wind River (including mainly Fremont and part of Hot Springs Counties).

Other areas of continuous substantial unemployment

None.

PUERTO RICO

5(a) Redevelopment areas

Aguadilla (including Aguada and Aguadilla Municipios)
Arecibo (including Arecibo, Camuy, and Hatillo Municipios)
Caguas (including Caguas, Aguas Buenas, Cidra, Gurabo, Juncos, and San Lorenzo Municipios)
Guayama (including Arroyo, Guayama, and Patillas Municipios)
Mayaguez (including Mayaguez Municipio)
Ponce (including Ponce Municipio)
San Juan (including Bayamon, Catano, Guaynabo, and San Juan Municipios)
Carolina (including Carolina and Loiza Municipios)
Manata (including Barceloneta, Ciales, Manati, and Morovis Municipios)
Yauco (including Guanica, Guayanilla, and Yauco Municipios)

5(b) Redevelopment areas

(1) Municipios:
- Barranquitas
- Ceiba
- Comerio
- Corozal
- Fajardo
- Humacao
- Las Piedras
- Luquillo
- Maunabo
- Naguabo

(1) Municipios—Continued
- Naranjito
- Orocovis
- Quebradillas
- Salinas
- Trujillo Alto
- Vega Alto
- Vega Baja
- Yabucoa

(2) Indian reservation areas:
- None

Other areas of continuous substantial unemployment

None.

TERRITORIES

5(a) Redevelopment areas

None.

5(b) Redevelopment areas

American Samoa.
Guam.
Virgin Islands.

Other areas of continuous substantial unemployment

None.

Appendix C

Criteria for Eligibility of Areas Under Section 8 of S. 2965 (As Revised by Senate Committee)

Criteria for eligibility as a 5(a) redevelopment area are:

(1) Unemployment is currently 6 percent or more of the work force, discounting seasonal or temporary factors, and has averaged at least 6 percent for the periods below, and

(2) The annual average rate of unemployment has been at least:

(*a*) 50 percent above the national average for 3 of the preceding 4 calendar years, or

(*b*) 75 percent above the national average for 2 of the preceding 3 calendar years, or

(*c*) 100 percent above the national average for 1 of the preceding 2 calendar years.

Criteria for eligibility as a 5(b) redevelopment area are one or more of the following:

(1) Areas of low income.
(2) Areas of low farm income.
(3) Rural development counties.
(4) Areas of low production farming.
(5) Very small areas of substantial and persistent unemployment.
(6) Other.

Other areas of continuous substantial unemployment are areas which are not designated as redevelopment areas, but which have been classified continuously as areas of substantial unemployment over the past year (April 1961 to March 1962), or in the Senate committee revision for 9 of these 12 months. Unemployment in areas classified as areas of substantial unemployment usually represents 6 percent or more of the local labor force, discounting seasonal or temporary factors and where the outlook gives no indication of improvement in the near future.

Appendix D

Statement of the American Farm Bureau Federation on Proposals To Authorize a Standby Public Works Program or To Institute an Expanded Public Works Program, Presented by Matt Triggs, Assistant Legislative Director

The opportunity of presenting the views of the American Farm Bureau Federation with respect to the issues under consideration by the committee is appreciated.

Farm Bureau is an organization of 1,600,000 farm families, voluntary members of 2,674 county farm bureaus in 49 States and Puerto Rico.

The interest of farmers in this issue will be obvious. Farmers fare best in an economy where employment is high and real income widely distributed.

The depth and persistence of unemployment indicates the economy is not operating as satisfactorily as it might and compels honest consideration of why this should be so and what corrective measures will improve the situation.

The view we will present for your consideration is primarily this: We do not believe that legislation to provide for an expansion of Federal expenditures for public works at this time, whether on a standby or immediate basis, is a desirable or effective means of expanding employment.

The specific reasons we believe this to be so are as follows:

1. Unemployment has grown despite steady expansion in Federal expenditures.

Federal budget expenditures, not including trust fund expenditures, are as follows:

	Billions of dollars
War years—1942–46 average	73.4
Immediate post-war years, 1947–50 average	37.7
1951–55 average	63.1
1956–60 average	72.7
1961 actual	81.5
1962 estimated	89.1
1963 budget	92.5

Source: Table B–55. Economic Report of the President.

Between 1955 and 1962 annual budget expenditures increased $24.7 billion or $3.5 billion a year. The number of unemployed has increased during this period. We see no reason to suppose that a further increase in Federal spending will make any more impression on unemployment.

Each year taxes are taking a larger percentage of income, as summarized below:

[Billions of dollars]

	Total national income [1]	Federal, State, and local taxes [2]	Percent
1950	241.9	67.3	27.8
1955	330.2	98.2	29.7
1960	430.2	131.7	30.6

[1] Table B–11. President's Economic Report.
[2] "Federal Fiscal Issues." Tax Foundation.

We do not question essential expenditures for national defense. But expenditures for nondefense purposes are increasing even more rapidly.

We believe that the paramount necessity for high defense expenditures should be at least partially offset by reduced expenditures for less essential purposes. The explosion in Federal spending for almost everything must be controlled if the strength of the economy is not to be sapped by excessive taxes.

Taxation at levels which stifle incentives and absorb capital that ought to be invested in tools of production reduces employment and curtails economic growth.

2. Deficit financing is inflationary and the enemy of economic growth

For 78 consecutive months, since August 1955, the Consumer Price Index has advanced above the same month in the preceding year.

To state the same thing in different terms; the value of the dollar has been declining for a sustained period of 78 months.

To unbalance the 1963 budget further, at the beginning of a period in which economic activity is expanding, can only operate to accelerate the inflationary trend. As President Kennedy said in his 1962 budget message, "To plan a deficit would increase the risk of inflationary pressures, damaging alike to our domestic economy and to the international balance of payments."

Not only does inflation create inequities and distortions, it also has an adverse effect on economic growth and employment.

Each increase in the Consumer Price Index reduces effective demand. Tax increases which are reflected in prices reduce demand.

With inflation, the capital that is created by profits or recovered from depreciation reserves, cannot buy the same facilities or provide the same number of jobs.

Inflation diverts capital into wasteful use. For example, some of the steady increase in farmland prices in the past 15 years was because purchasers were hedging against inflation, rather than any expectation of earnings.

Deficit financing absorbs a part of the capital resources that might otherwise be employed for economic growth.

Deficit financing is not the road to a strong growing economy.

During the 1960's the annual net increase in the Nation's work force will average 1.3 million workers. At least as many workers will be displaced annually by automation and other technological changes. Substantial investments will be required to provide jobs for such workers. The average capital investment per worker in U.S. industry is about $9,000. We cannot afford the adverse effect of inflation upon investment and resulting job creation.

3. Economic growth and employment comes from stimulus to the private sector rather than Government expenditures

Economic growth is dependent on many diverse factors such as climate, natural resources, the energy and morality of a people, education, economic organization, a stable political system, the whole organization and traditions of a society.

Assuming the existence of basic prerequisites, economists debate the relative importance of effective demand on the one hand and investment on the other.

The current availability of comparative statistical data indicates a striking corelation between investment and economic growth.

The countries that "plow back" the largest percentage of income into the economic system are those with the fastest growing economies and full employment.

This is illustrated for the major industrial nations in the following data:

[In percent]

	Average ratio of total fixed investment to gross national product, 1950–60	Average annual increase in gross national product at constant prices, 1950–60		Average ratio of total fixed investment to gross national product, 1950–60	Average annual increase in gross national product at constant prices, 1950–60
Japan [1]	23.1	8.5	Switzerland [2]	23.5	4.3
Germany	21.4	7.5	Canada	23.3	3.7
Austria	21.4	5.9	Sweden	20.3	3.5
Italy	20.2	5.8	Belgium	16.3	3.1
Netherlands	22.8	4.7	United States	17.6	3.0
France	17.3	4.6	United Kingdom	14.5	2.6

[1] Data for 1953–60.
[2] Data for 1954–60.

Source: All data from "Capital Investment and Economic Progress in Leading Industrial Countries, 1950–60," George Terborgh, Machinery and Allied Products Institute.

This data strongly suggests that the current persistence of unemployment in the United States is not due to inadequate Government spending, but rather to inadequate private investment. It is only the expectation of profit that causes people to invest money and create job opportunities.

The effective approach to increasing employment is to find ways and means to encourage growth in the private sector. The key elements of such ways and means are incentives and sound money. Expanded Government spending is a deterrent to the growth of a productive, private economy. Wealth siphoned off by taxes cannot be used to expand the Nation's economy.

4. The substitution of Government for private expenditures does not add to employment

Money spent by Government provides employment. But the same amount of money, left in the private sector, whether spent for consumption or capital investment, will provide a comparable amount of employment. We do not increase net employment by taxing people and spending the tax money so collected to put people to work. In fact, net employment is likely to be reduced by increasing the percentage of the gross national product that goes to taxes and Government expenditures. The reasons this is so are—

(*a*) Private investment, being governed by market forces, goes where it is most needed and will provide most permanent employment.

(*b*) Public investment may be wisely directed, but may also be misdirected for political and many other reasons, into less efficient and less useful purposes, thus providing less assurance of permanence of employment.

5. The inflation in prices created by deficit financing would contribute to the adverse international payments situation

An increase in Federal expenditures for public works at this time would have an inflationary impact on costs and prices. The already adverse international balance-of-payments situation could be easily aggravated by such action. The dollar serves as the major convertible currency, the depository of reserves, for most free world nations. Incalculable harm would be done to our status and role in world affairs if international confidence in the value of the dollar should be impaired and set off a new "run" on dollar reserves.

Secretary Dillon said recently, "The free convertibility of gold and the dollar is the cornerstone not only to our monetary policy but the entire international financial system."

We believe it is imperatively necessary to the maintenance of the status and prestige of the United States and to the maintenance of the unity of the free world that the present adverse balance of payments be corrected and soon. It is not sufficient to maintain the status quo. An increase of about 15 percent in commercial exports is needed to balance our international payments situation. Whether the balance-of-payments situation will be reversed and confidence in the value of the dollar maintained, or whether the outflow will continue with resulting disruptive impact, depends on our ability to prevent inflation and an upward trend in costs and prices.

6. The emphasis upon Government spending to create jobs diverts attention from essential corrective action

We need to provide incentives to investment, restore confidence in the capacity of the Federal Government to help assure a stable currency, and create confidence in our ability to stem the adverse flow of international payments. If we fail to accomplish these purposes we will have more, not less unemployment. If we fail to accomplish these purposes the result will be national weakness, not national strength.

The centering of public attention on Government spending to provide employment defeats the desired objective because it diverts attention from what needs to be done. Many persons are led to believe Government is moving aggressively to meet the problem when actually we are annointing the symptoms.

7. The proposed expansion in public works expenditures involves an unwise delegation of authority to the executive branch

No matter how wise and judicial the administrators of public works programs may be, it is human nature that they will be influenced by the pressures that beat upon them to allocate funds for this or that purpose, to favor this or that project or area, to please this or that prominent person, or powerful organization. We believe that expenditures for public works should be specifically authorized by Congress, in accord with established procedures; and that we

should avoid any broad delegations to the executive branch of authority to decide how, when, where, and for what purpose Federal funds should be spent.

Most public works contemplated in standby bills under consideration by the committee are already authorized by various statutes. Community Facilities Act, Housing Act, highway legislation, airport legislation, depressed areas legislation, etc. We believe authority to decide whether or not and when and for what reasons expenditures for such purposes should be increased should remain in the Congress.

8. An expansion in public works is not well designed as an anticyclical measure

Government fiscal practice contributes to contracyclical purpose if Government expenditures are less than revenues in periods of growth and more than revenues in periods of decline.

Essentially the same anticyclical effect is created during a recession by a reduction in taxes as by an increase in expenditures. We believe that tax reduction is preferable to increased spending if either is to be used to stimulate the economy.

Initial authorization for a public works program is likely to be followed by pressures to (1) increase spending for such purposes, (2) spread available funds more uniformly across the country, and (3) include expenditures for additional purposes.

The deferral of needed projects until it is determined that the economy needs stimulating, and the initiation of projects to "make work" are both likely to lead to wasteful use of capital resources.

If deficit financing is to be used for contracyclical purpose it is all the more important that Government revenues exceed expenditures during periods of growth. Otherwise fiscal practice would have explosive inflationary impact.

9. No Federal stimulus or subsidy is needed to encourage local governments to provide for local needs

Local tax revenues to provide public purposes and activities continues to increase rapidly, setting a new record each year. Local taxpayers, although selective in their action (as they should be), are showing no reluctance to vote bond issues to pay for local improvements they want. Sale of bonds of local governments is increasing annually and reached a new record level in 1961. Most local governments have not experienced difficulty in selling bonds. This, to our view, is a desirable situation. In general, citizens are buying the public services they want and are willing to pay for. This represents self-government at work.

But when "free money" is provided by the Federal Government this relationship becomes disturbed. The issue becomes less, "What are we willing to pay for?" and more "What free money can we get from the Federal Government?" Local initiative and responsibility is subordinated to a scramble to get more "free" Federal money. The "successful" mayor is the fellow who can get the most from the Federal Government.

The statement presented by the Investment Bankers Association indicates that local government contracting is already on a contracyclical basis as local officials defer postponable projects to take advantage of lower interest money during recessions.

CONCLUSION

For these reasons we respectfully urge that no legislation be enacted providing for an expansion in Federal expenditures for public works.

The opportunity to summarize the view of the American Farm Bureau Federation on these issues is appreciated.

Appendix E

National Association of Manufacturers,
Washington, D.C., April 19, 1962.

Hon. Dennis Chavez,
Chairman, Senate Committee on Public Works,
New Senate Office Building, Washington, D.C.

Dear Mr. Chairman: On behalf of the National Association of Manufacturers, I am authorized to submit the attached statement setting forth the association's views respecting S. 2817, a bill to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of

public works when necessary to avoid serious nationwide unemployment levels; and for other purposes; and S. 2965, a bill to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

We should like to request that this statement be incorporated in and made a part of the record of the hearings conducted by your committee on S. 2817 and S. 2965, and other related bills.

Thank you for your courtesy and consideration in this regard.

Sincerely,

R. T. COMPTON.

STATEMENT OF THE NATIONAL ASSOCIATION OF MANUFACTURERS WITH RESPECT TO S. 2965 AND S. 2817

The National Association of Manufacturers is pleased to take this opportunity to express its views on the President's recommendation for executive authority to accelerate public works expenditures as an antirecession measure, and the bills before this committee which would implement or augment that proposal.

The National Association of Manufacturers is a voluntary membership organization made up of approximately 17,000 business concerns of all types and sizes throughout the United States. More than 80 percent of our membership is small business. In fact, 28 percent of the membership employ 50 or fewer persons, 46 percent employ 100 or less, and 83 percent have 500 or fewer employees. The association thus speaks for a broad, diversified, and substantial segment of the country's productive—and taxpaying—enterprises.

The National Association of Manufacturers opposes S. 2965 and S. 2817 and bills with similar purposes for two basic reasons: First, the policy of the association opposes Federal grants and loans to the States and/or their subdivisions. Second, the problem which the President's proposal and these bills purport to deal with correctively will not be corrected—in fact could be worsened in the long run—by the assumption of such undertakings by the Federal Government.

S. 2965 and S. 2817 provide for standby authority to accelerate public works spending on Federal, State and local "capital improvement programs" when unemployment indicators reveal that action is needed to stimulate the economy. Both involve $2 billion of public works expenditure, certain matching provisions, and a "net increase in the current annual level of expenditures" of the State or local government to be aided. Both envision advance planning for such antirecession works programs at all levels of government. The details of each bill differ in certain respects.

S. 2817 would create an Office of Public Works Coordination and Acceleration, whose Director's main responsibilities are to create and keep current a plan for coordinated public works construction in the United States which would "stabilize the economy when required"; to determine what public works projects "are required to meet national, regional, and community growth and economic development * * * and those which should be planned"; and to "utilize to the fullest extent possible the services, facilities, and information of all departments, agencies, and instrumentalities of government as well as private agencies" to carry out the act. In S. 2965, the execution of the program would be through existing departments and agencies.

S. 2817 would authorize allocation of funds up to $500 million for accelerated Federal public works and $1.5 billion for State and local projects. S. 2965 would allocate $750 million to accelerate direct Federal expenditures for works projects already authorized by law; $750 million to initiate or accelerate existing public works grants to States, localities, and nonprofit organizations, and to initiate or accelerate State and local works programs not eligible for grants under existing law; $250 million for loans to States, localities, and nonprofit organizations "which otherwise would be unable to meet their share of the cost"; and another $250 million to supplement these programs as determined by the President.

The pertinent excerpts from the policies under which the National Association of Manufacturers opposes these bills are as follows:

"The function of all government is primarily political rather than economic.

"Government competition with private enterprise is a major deterrent to the flow of job-creating capital into private enterprise. It destroys private capital investment incentives and can only lead to state ownership of all enterprise.

* * * * * * *

"All government services and functions pertaining to the welfare of the people except those which can be performed only by the Federal Government should be handled by a lesser jurisdiction.

* * * * * * *

"Federal collaboration in State and local * * * progress * * * should not extend to initiation or subsidy of, nor to other financial participation in, the functions of those jurisdictions.

* * * * * * *

"In Federal-State relations, the Central Government should limit its activities to the ends of strengthening State sovereignty, promoting acceptance by the States of their full responsibilities.

"Individual citizens and voluntary groups should attend more closely and constructively to the affairs of their own State and local governments, to the end that dependence on the Central Government for doing the things that should be done at home may be terminated.

* * * * * * *

"The lending of its funds or credit should not be a normal function of the Federal Government in the domestic economy."

The National Association of Manufacturers thus holds that it is not the business of the Federal Government to plan and share the financing program of public works coordinated among the three levels of government and nonprofit organizations. As for the acceleration of direct expenditures for necessary Federal public works expenditures, if existing programs can be speeded up, it is probably a matter for executive decision and not legislation.

As a matter of fact the problem of unemployment is much broader than any question of what level of government should speed up public works; it is a question of what should be done and why.

"AND OTHER PURPOSES"

The proposed program of public works expenditures is not the appropriate antirecession tool nor the effective vehicle for national growth and economic development which the proponents of the standby scheme, or these bills in particular, consider it would be. The presumptions basic to these proposals are that public spending will correct economic imbalance, combat recession and unemployment, and stimulate the economy to growth and development.

This type of argument is frequently used by social planners and centralists; and it is used, not so much in the belief that the claims are really valid and will, in fact, produce the purported results, as in the knowledge that—no matter what economic results—the political results will be further centralized government control over the people and their institutions.

From the viewpoint of the centralist's end aim, arguments of this type are a forward step in strategy, not necessarily an economic corrective.

The opening sentences of the President's February 19 letter to the President of the Senate on the standby public works proposal permit centralist thinking of this type to fill in the gap between the two statements:

"All thoughtful citizens agree on the obvious desirability of avoiding or lessening the repeated downward turns in our economy which diminish both national strength and individual opportunity. Equally obvious is the importance of the Federal Government's role and responsibility—as an employer, a consumer, a source of credit, an example to State and local governments and a stimulus to the rest of the economy."

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The first sentence is an acceptable enough generality, but the second sentence is a non sequitur. The only implication which would link them logically is the presumption that Federal planning and spending comprise the unquestionable and effective remedy for unemployment and other effects of economic disequilibrium. Senator Humphrey has been even more direct in suggesting that the Federal Government has the answer. In his statement introducing S. 2817 he said:

"This type of legislation is something we have needed for a long time. It would permit the Federal Government * * * to get on with the job whenever the economy should falter."

The Employment Act of 1946 does not empower or require the Federal Government to provide maximum employment. It is not the role of the Government to provide jobs merely to provide jobs—in the execution of its proper responsibilities regarding the truly national tasks, yes, but not to guarantee employment.

The full implications of such a presumption of Federal responsibility were indicated in the House of Representatives in connection with the companion bill to S. 2817, a bill "to establish an Office of Public Works * * * to authorize * * * accelerated public works * * * to avoid serious nationwide unemployment levels; *and for other purposes*." [Emphasis added.] In "The Growing Problem of Unemployment," Representative Blatnik's statement supporting proposals like those before this committee, he says, "To maintain our people's capitalism * * * we must maintain plentiful job opportunities." And he adds that a public works program is "the most economical road to full employment." He later mentions that it would provide "a very important byproduct—a residual of public capital improvements * * *." The limitless avenue for full employment—federally provided employment—which would thus be opened up, is indicated as follows:

"Prof. Alvin H. Hanson has estimated that we need to allocate one-fourth of GNP, or roughly $125 billion a year to the public sector. A lower estimate made by Gen. John S. Bragdon, a special assistant to President Eisenhower, would be required just to take care of the backlog of needs and existing facilities."

Mr. Blatnik's statement admitted that the program being proposed would not satisfy all those needs, but contended it would "go a long way in meeting them."

The aim in the plan is a spearheading Federal agency: "to foster overall acceleration planning * * * to assess employment possibilities, to analyze capital investment opportunities * * *"

Thus the entire outlook for handling unemployment through public works is simply a grandiose expansion of public employment, a "people's capitalism" by Government management. Is this what the people of our country want, full employment, fine bridges and buildings by Government fiat? Is capital improvement in the sense of public works construction synonomous with economic growth? It would simply be accepting, not correcting, the situation. The NAM has a very different concept of what is meant by "capital" improvement which would assure economic growth.

"CAPITAL" IMPROVEMENT IN THE ECONOMIC SENSE

For improvement in economic growth, NAM recommends a coordinated plan very different from that proposed by S. 2817 and S. 2965:

"In order to assure adequate supplies of venture capital to maintain an expanding economy and provide job opportunities for the continuously increasing labor force, and to release incentives for risk-taking in a fully competitive economy, there should be inaugurated an orderly coordinated plan for reduction in the high and discriminatory individual progressive and corporate tax rates for effectuation over the next 5 years.

We do not wish to expand on this tax proposal here, except to say that S. 2932, which Senator Tower introduced on March 1, 1962, embodies the kind of tax rate reform that NAM believes would be for the greater growth of the Nation. The main point of this excerpt from our policy on tax revision is to point up the relationship between capital and jobs, and its counterpart, capital deficiency nad unemployment.

A chronic aspect of the unemployment problem is presented by the long-run downtrend in capital formation. In a monumental study of capital in the American economy Dr. Simon Kuznets has shown that capital formation has been declining over a long period in relation to gross national product. His summary of this trend is as follows:[1]

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[1] Simon Kuznets, "Capital in the American Economy," pp. 396, 397. National Bureau of Economic Research, 1961.

"With gross capital formation a stable or declining proportion of gross national product and the ratio of capital consumption to gross capital formation rising appreciably, the ratio of net capital formation to national income (net national product) shows a distinct downward trend. For volumes in constant prices, the share declines from 14.6 percent in 1869–88 to 11.2 percent in 1909–28 and to 7 percent in 1946–55; in current prices the movement is from 13 percent in 1869–88 to 11 percent in 1909–28 and to 8.7 percent in 1946–55."

Dr. Kuznets rejects the view that the relative decline of net capital formation has been due to a lack of investment opportunities. He says that the alternative approach, which emphasizes the supply of savings, seems more plausible and more fruitful as an analytical lead, especially when consideration is given to the large stock of new knowledge awaiting productive exploitation here at home and the wide investment opportunities abroad.

He offers two explanations for the declining relationship of savings to national income. One is the preference for consumption and the other is the damage done by the kind of taxation used to support large budgets. These factors are to some extent interactive. The desire to live better is entirely natural and proper. The better life through a rising living standard is the ultimate purpose of investment and production.

But the futility of trying to get ahead financially under the present Federal tax system tends to the attitude of "eat, drink, and be merry." When this attitude is carried into the realm of politics and Government planning, the result is excessive taxing and spending, excessive allocation of capital and other resources to the public sector, and the growth of Government at the expense of growth in the economy.

CAPITAL IN THE PRIVATE ECONOMY, EMPLOYMENT, AND ECONOMIC GROWTH

Capital, in the sense of tools and equipment for production, is indispensable to employment. In form and quality it may range from the primitive hand tools of an undeveloped country to the immense array of high-quality equipment that we have in the economy of the United States. Whatever may be the situation, from the lowest to the highest ranking of the quality of a country's capital equipment, there will be employment to the extent that the worker output is sufficient to justify the wages paid, and there will be unemployment for those whose output is not sufficient to cover the wages demanded, or paid under legal compulsion. In a free labor market the wage level will vary with the productivity of labor. Since this productivity is increased with improvements in the quality of the capital used, technological advance is an important factor in wage determination, and also in the volume of employment. On-the-spot displacement of workers as new machines or new methods are introduced is much more than offset by the additional job opportunities opened up by the improvements. The unions cling stubbornly to the "lump of labor" doctrine, which is that only so much work is available and restrictions on hours and output are necessary to provide jobs for new workers and the unemployed. This thesis has been disproved by every advance since tools were first invented. Sharing the work means sharing the capital, and dilution of the capital per worker means lower output and lower real income per worker.

In any fundamental approach to the problem of unemployment, the need for more capital in the private economy is obvious, first to avoid capital dilution as the labor force increases and second, to increase productivity per worker through the improvement of the quality of capital which comes about with invention and increased capital funds to provide the new forms of capital goods. Increasing productivity per worker is the basis for economically justifiable wage increases. Long-range economic statesmanship indicates that wage increases should be held somewhat below this potential in the interest of all consumers, and also in order to keep the prices of our export products effectively competitive with foreign goods.

The flow of new capital and the combination of labor and capital in private productive operations are alike dependent on the prospect of profit. There is an inescapable and requisite relationship between value of output and labor cost that will keep the mainspring of the private enterprise wound up.

The sources of new capital are (1) internal business financing and (2) external financing through investment of the savings of individuals. Both methods are appropriate. The imbalance that would be created by the "investment tax credit" now supported so strongly by the administration would defeat

the purpose urged in its support, which is the provision of more capital. It would do this by a tax subsidy to existing business and a penalty on saving for investment by individuals. This is like "saving at the spigot and wasting at the bung." Dr. William Fellner has written about the investment tax credit as follows: [2]

"It is undersirable to promote mainly those acts of investment which are internally financed out of the undistributed earnings of enterprise that is already highly profitable. Lopsided stimulation of these particular investments may well lead to further concentration of economic power. * * * To be sure, there exists no "general case" against internal financing; this method of obtaining investable funds has some economic advantages as well as drawbacks. But pressing self-financing too far would have several undesirable consequences, and hence a balanced program should give additional inducements to accumulate savings out of personal income. These individual or personal savings are the funds which are channeled into investment through the capital market. Misgivings seem justified against the proposal that additional inducements to invest should become coupled with measures such as reduce the personal savings of individual income recipients out of any given national income."

The frequent references to excess plant capacity in recent discussions have often been taken to imply that there is no present need for more capital since we are not making full use of what we have. Unused capital and unused labor have at times been linked together, the idea being, apparently, that both excess capacity and unemployment would disappear if the unemployed were moved into the excess capacity plants and put to work.

This is not even good wishful thinking. Many of the unemployed are in that situation because the value of their product would not cover the wages demanded, whether by reason of Federal law or union wage scales. While this imbalance persists, they could not get jobs even if there were idle plants.

Moreover, the concept of excess capacity is hazy and indefinite. It is never clear, in the references to it, what standard of measurement is being used. It can vary according as it relates to one, two, or three shifts, or to comparatively obsolete plant and equipment that could be put into service if needed, or to given plant and equipment in a declining industry. Even if a definition of excess capacity could be framed that would command general acceptance, its existence would not necessarily indicate a defective allocation of resources. On the contrary, the economy needs some margin of capacity to meet variable, or emergency, needs and to permit flexible adaptation of output to the market. If there were absolutely no excess capacity in the economy, it would not be possible to meet a sudden increased demand for defense material. It would not even be possible to supply additional quantities of the materials that would be required for the sudden implementation of the proposed public works program without diverting them from existing construction projects.

The emphasis on excess capacity has diverted attention from capital formation by creating the impression that we already have enough, or more than enough capital and that the way to reduce unemployment is to make fuller use of existing capital. This notion has been carried over from the "mature economy" doctrine of the 1930's. In that doctrine the alleged lack of investment opportunities was deemed to be evidence that no more capital was needed.

INADEQUATE DIAGNOSIS, SYMPTOMATIC TREATMENT

The statements of Senator Humphrey and Representative Blatnik supporting the proposals before this committee recognize the need for creating jobs. Senator Humphrey said:

"It is quite evident that we have our work cut out for us in keeping the economy going at a sufficient rate to absorb the new jobseekers and those who have lost their jobs."

And Representative Blatnik said:

"With each recurring recession in the postwar period, an ominous tendency has become noticeable. As a rule, each recession tends to start at an unemployment trough that is higher than that of the preceding recession, while the peaks of unemployment are reaching gradually increasing heights."

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[2] See "Employment in the American Economy," a compilation of reprints from the Congressional Record, 87th Cong., 1st sess., p. 97.

The chronic nature of the problem was documented by Mr. Blatnik when he noted that the slow rate at which unemployment fell after reaching a recession peak, and the shortening timespan between unemployment peaks. Thus, the real cause for concern regarding unemployment is not so much the occasional cyclical peaks as it is the high level of unemployment which has persisted in recent years through all phases of the business cycle. Yet, the proposals themselves would deal with the unemployment as if it were strictly a cyclical matter. Public works acceleration is primarily a countercyclical tool. It does not go to the core of the problem at all. Short-term, crash programs to stimulate the construction field will not solve the basic chronic problem.

The specific economic issue involved in proposals for accelerated public works is whether recession can be checked or avoided, unemployment materially reduced, and the rate of economic growth materially elevated, by increased public works spending. The phenomena of unemployment, recession, and growth are too complex to be dealt with by one simple act of Government. The statement of findings and purpose in the bill is superficial because it deals with symptoms rather than basic causes. It assumes, as already pointed out that Government spending is the infallible cure for recession. It is apparently assumed also that the unemployed comprise either a group of interchangeable operating units, easily transferable, or a homogeneous unit which can be sorted out and put to work by a standard procedure such as public works spending—as if all the unemployed were in the construction industry.

There seems to be no recognition of a most important cause of unemployment, which is the wage and fringe benefit cost of labor in relation to the value of the worker's services in production. Wide differences exist in the incidence of unemployment according to age, sex, race, education, occupation, degree of previously acquired skill, and geography. There are differences, also, in the value of the services which the several unemployed persons can render. To the extent that the minimum wage, or a union scale of wages plus fringe benefits, would involve a production cost higher than can be recovered in the price of the product, unemployment will result.

If the employer is to stay in business and is to be motivated to hire people he must realize more than his out-of-pocket or break-even costs. He must earn a profit which represents at least an adequate return on his capital. The impact of wage cost-price squeeze on profits has been especially in recent years, a most important cause contributing to periodic recession and unemployment. In three successive 4-year periods the relation of corporation profits after tax to gross national product has been as follows:

Aftertax corporation profits as a percentage of gross national product

Period:	*Aftertax profits as percent of GNP*
1950 through 1953	6.0
1954 through 1957	5.2
1958 through 1961	4.5

In the absolute amounts, profits after tax were $22.8 billion in 1950, $23.5 billion in the prosperous year 1956, and $23.3 billion in 1961. Over this period gross national product rose from $284.6 billion in 1950 to $521.2 billion in 1961. While total employment rose from 59,957,000 in 1950 to 66,796,000 in 1961, total unemployment increased from 3,142,000 to 4,806,000 in the same time. The increase of unemployment may be said to provide a rough measure of the extent to which workers have been priced out of the market by the protective measures of unions and Government alike.

"WHEN THE SUN IS SHINING"

The President's letter of February 19 on this standby proposal reminds us of a familiar adage—the time to repair the roof is when the sun is shining. It is the most convenient time, but convenience is not so vital as the method. What is used for the repair job is more to the point. Raking leaves and piling them on the roof might serve as a temporary expedient, but it really only postpones the day of reckoning.

Public works acceleration is an expedient to which government at all levels can resort—without legislation to set up a federally coordinated plan. Under S. 2817, as Senator Humphrey said, the programs to be accelerated would be programs which the Federal Government, the States, and the local communities

have already approved. Furthermore, there is no assurance that Federal authority and planning would produce acceleration enough while the sun was shining. It might be raining again.

"EXPERIENCE HAS SHOWN * * *"

The aim of the standby Executive authority is, as the President indicated, to avoid the result attributed to the normal legislative processes of being "too late to achieve an ameliorating effect on the recession sufficient to justify the increase in budget expenditures." What he meant is that if public works spending, as an antirecession measure, must wait for congressional sanction, the bulk of it is likely to occur in the recovery which begins after the bottom has been reached. But according to the timetable set out in the Economic Report of January 1962, the same result is likely to happen under the proposed plan.

In that report it is indicated that the spending could be initiated within 2 months after the unemployment situation had given the signal and that the impact would begin to be felt within 1 or 2 months after the spending had started. These time limits seem optimistic, particularly as regards the time to get underway. The letting of contracts, the assembly by contractors of men, equipment, and materials at specific sites, and various other matters could take more than 2 months. However, accepting the Council's estimates, the following table from the Economic Report (p. 74), with our interpretative interpolations in parentheses, applies the plan to the last four recessions.

Hypothetical timing of proposed capital improvements program in four postwar business cycles

Business cycle peak	Unemployment criteria met	Program started	Impact of program began	Business cycle trough	Months elapsed from impact to trough
November 1948	March 1949	May 1949	July 1949	October 1949	3
July 1953	November 1953	January 1954	March 1954	August 1954	5
July 1957	November 1957	January 1958	March 1958	April 1958	1
May 1960	August 1960	October 1960	December 1960	February 1961	2

It appears that the recession of 1954 would have been the only one in the list in which there would have been enough time between spending impact and the bottom of the recession for any considerable part of the public works spending to be made before recovery began. In the last two recessions, virtually all of the spending would have occurred after recovery had started.

Thus the implied reason for the proposed legislation—that Congress cannot act fast enough—is irrelevant, since the triggering mechanics of the proposal itself will apparently cause enough delay to nullify the supposed speed of Executive, as opposed to legislative, action.

Furthermore, although States and cities could and do adjust the timing of public works undertakings, there is no assurance that Federal legislation and money will of itself turn those wheels any faster. A "backlog of needed capital improvements" as the President said, probably does exist in virtually every community. However, the important question in this connection is not the existence of a backlog of projects for which plans and specifications have been prepared and sites acquired, but how many States, cities, and other units would be able and willing, on short notice, to provide the money required by the matching grants to be allocated.

Experience has shown that although States and cities do not plan public works to be countercyclical, practical considerations sometimes create that effect. Those that are needed, are financed when needed, regardless of boom or recession. Postponable projects on the other hand, usually await lower interest rates, which often coincide with recession—therefore producing a contracyclical effect. Thus, Federal funds available at such times, like much of what would be available under S. 2965, would be apt to substitute for State-local funds. And that, according to the standards laid down by the President for eligible emergency undertakings, would render such projects ineligible:

"All of these projects must meet essential public needs, must be capable of early initiation and of completion within 12 months, must contribute significantly to

reducing unemployment, and *must not merely replace existing expenditures.*" [Emphasis added.]

SOME IMPEDIMENTS TO IMPLEMENTATION

There is inconsistency between the criterion of "essential public need" and holding a project in a planned backlog of antirecession spending. If need is genuine and sufficiently great, project priority would preclude delay. But, if the essentiality of a project is low enough to render it postponable, the coincident existence of recession will not change its character as essential or postponable. To give it unwarranted priority as essential just because of a recession would amount to providing "made work."

The expectation that any large number of States and cities could suddenly develop plans and financing for new projects which would comply with the above standards appears to be quite unrealistic. This is recognized in S. 2965, which earmarks $250 million for loans to States and cities otherwise unable to finance their share of the matching costs. This loan fund may very well set the limit to State and local participation. Local reluctance to borrow could keep the participation even below this level.

The legal restrictions on State and local debt increase without popular approval in referendum votes would be a further practical obstacle to large-scale State-local participation on short notice.

And finally, the requirement in the bill that all employment on projects or programs assisted by grants to State or local units shall be paid wages at rates not less than those prevailing on similar construction in the locality (the Davis-Bacon Act), is not likely to increase local enthusiasm. This requirement is completely out of step with the basic purpose. To whatever extent persons are unemployed because there is insufficient demand for their services at the wage which the law or a union contract requires to be paid, the Davis-Bacon rule negates the whole purpose of the proposed program. No contractor on projects launched under S. 2965 will hire presently unemployed persons at a wage above the value of their services unless he is operating on a cost-plus basis. Rather, he would be more likely to divert competent workers from other jobs in order to execute the new contract. Thus, despite the language and the intent of the bill, the public works authorized under it could be, to some extent at least, a substitution of jobs, not a provision of new jobs.

THE LEGISLATION WOULD SUBSTITUTE A DEBT LADDER FOR THE DEBT CEILING

The possibility of adding up to $2 billion to the public debt every time the public works authorization would be utilized is not a deterrent to the proponents, since large deficit spending is regarded as not only a proper, but an infallible cure for recession in the compensatory or cyclical budget balance doctrine. This debt is never fully retired in the postrecession recovery with the result that the total debt steadily increases. The debt ceiling was already raised once this year, and further extension has been requested by the President. This legislation would require a moving debt escalator rather than a debt "ceiling." It would make a complete misnomer of the term itself, and void the very purpose of a debt limitation.

BASIC NEED IS A BETTER ECONOMIC CLIMATE

The NAM does not believe the proposed antirecession standby authority is relevant to the basic problem of unemployment, nor that it would be an appropriate, corrective method to deal with unemployment, nor productive of adequate results. The association therefore suggests a more constructive and fruitful approach. A better environment should be created for the profit motive, which is the main driving force in a private free enterprise economy. This is what the Employment Act of 1946 intends, as the Government's role in promoting the conditions under which the free private enterprise system can best achieve the objectives of maximum production, employment, and income. The efforts to realize profit or to avoid loss—since ours is a profit-and-loss economy—lead to new products, new plants, new processes, and new jobs. The quest for profit and the desire to avoid loss, in combination, allocate the available productive resources of the Nation into the channels where these results appear to be most fully attainable.

The principal areas in which Government policy can do most to improve the economic climate are taxation, labor, and the budget.

The most sensible approach to tax rate reform and to the correction of other bad features of the Federal tax system is that set out in Senator Tower's tax rate reform bill. These proposals should be considered and approved instead of the administration's tax program—a serious defect of which is that it increases tax burdens at some points as an offset to tax reductions at other points. Its contribution to net capital formation is likely to be nil. In contrast, the Tower bill would reduce tax burdens for all, including both corporations and individuals.

Federal labor policy permits actions by labor unions which, if engaged in by employers, would be subject to prosecution as conspiracies in restraint of trade. Collective bargaining is not an effort by both sides to ascertain what wages would be in a free labor market, but rather a process of pressuring employers to choose between the wage demands or an industrywide strike. The result, as noted above, is to increase unemployment to the extent that wages plus fringe benefits exceed the productivity of marginal workers.

Federal budget policy has been characterized, especially in recent years, by a steady increase of spending for purposes not connected with national defense. This policy has carried the budget expenditure estimates for 1963 to the third highest level in our history, being exceeded only by that of the war years 1944 and 1945. The justifications offered for the expansion of nondefense spending are that we can afford it and that urgent needs require it—such as in this case, the unemployed.

The unfounded economic doctrine back of proposals for social-benefit spending is the contention that Government spending induces economic growth. Government spending, in this view, increases economic product and, presumably, the more Government spends, the more the product is increased. Here is the basis of the argument that we can afford to spend more as GNP rises. In his economic message the President said:[3]

"With support from increased Government expenditures and other Government policies, the momentum of the recovery is expected to raise GNP to $570 billion for 1962 as a whole."

The fallacy of this position is that Government purchases of goods and services do not create product. They are acquisitions of goods being produced in the private economy. Government procurement orders cannot be filled unless there exists somewhere, plant, equipment, inventory, and personnel capable of producing the goods specified. Government spending is essentially a kind of consumption expenditure. It does not create capital but is dependent upon already created capital. The taxes required to support a high-level budget prevent the saving and investment essential to the creation of more capital. The extension of Government activities and expenditures—the growth of Government, does not promote, but is at the expense of, economic growth.

What is needed for greater economic growth and greater employment potential is not the acceleration of public works or other Government spending, but a bettering of the economic climate which will permit the forward advance of the private sector—not the public sector.

NON-FEDERAL COLLABORATIVE ACTION

New or improved worker skills are always required to keep up with changing methods of production and the different kinds of equipment made available by general progress as well as technological advance. From the standpoint of these ever-changing requirements, those counted as unemployed fall into two groups:

(*a*) Persons capable through training to become eligible for employment under the new conditions;

(*b*) Persons so lacking in mental capacity, dexterity, emotional stability, or determination as to be incapable of acquiring the proficiency through training to hold a job at good wages. (Some, perhaps many, of these are kept out of jobs which they could perform because neither special skill nor intensive training is required, by the Federal minimum wage law. The higher the rate of this minimum is set, the more unemployment of this sort it is likely to create.)

Those who are not employable, for any reason, contribute to the so-called hard core of unemployment. Yet, they are not really a part of the labor force. Their inclusion in it distorts the statistics and creates a false impression regarding a condition which is enough of a problem when correctly gaged.

Although the training, or retraining, of workers in the new skills and occupations requires extensive collaborative action, it does not call for Federal pro-

[3] Economic Report, 1962, p. 12.

graming or underwritng. It must begin with those individuals who are energetic and ambitious enough to want such improvement. Resistance to the innovations which increase output and reduce unit costs is extremely shortsighted. This action includes industry cooperation such as is now being provided on a growing scale, because in-plant training is no doubt the most efficient way of inculcating new or different skills. Non-Federal collaborative action requires, also, educational programs which offer sound vocational training and guidance for those who do not want to enter college, and some of the brightest high school graduates do not. State and community employment services must be so organized and managed as to establish the best possible contacts between those seeking work and those employers who need more workers.

In all of this there is no real, constructive place for Federal action, which would be more costly than beneficial. The unemployed are individuals, people living in specific communities, not statistical units in a total. Most of them must find jobs in their home communities since, for many reasons, wholesale migrations to and fro across the country are neither feasible nor functional. The local businesses and industries, the local schools, and the local employment services are best equipped to discover the facts and are far more competent than a Federal bureau to deal with them effectively.

SUMMARY AND CONCLUSION

In discussing the proposal for standby authority to accelerate public works, the National Association of Manufacturers has consciously not dealt in detail with the legislative particulars of the bills before this committee. Our opposition is based on broader grounds than the refinement of mechanics. Briefly reviewed, these are our points:

1. Unemployment must be solved as an economic, not a "welfare" problem. It stems from a variety of causes which accelerated public works program are incompetent to correct.

2. Welfare employment through the public sector is not a long-term constructive answer to the unemployment we have. We need a more fruitful private sector in the economy where greater use of capital will mean greater employment opportunities. So-called excess capacity does not mean an excess of capital. We have been subject to a deficiency, not an excess of capital.

3. The primary causes of a declining rate of net capital formation are Government policies, mainly in regard to taxes, labor, and the budget, which impede saving and investment. Reform of these policies must deal with fundamentals, not with symptoms or stopgaps.

4. The proposed standby authority to initiate emergency public works spending would be inappropriate and ineffective because—

(*a*) It assumes that more Government spending is the infallible remedy for economic problems.

(*b*) It would not deal with the basic causes of unemployment.

(*c*) It would not contribute to capital formation.

(*d*) It would not enlist prompt, extensive State and local participation.

(*e*) It would do the bulk of the spending after recovery had set in.

5. The proposal invites the Congress to relinquish legislative prerogative to the Executive.

The problems of unemployment, recession, productivity, and economic growth are matters of great concern to the business community as well as to the Government. Businessmen are fully as eager to find correct answers to these questions as are the economists and Government officials. The stake of businessmen in correct solutions is as great as that of the unemployed; for, their profits and their ability to stay in business—their employment—are involved. The private economy is the area in which must occur the "maximum employment" of those who are "able, willing, and seeking to work." The role of Government is not to provide employment by adding to the public payroll. Rather its role, as indicated in the Employment Act of 1946, is to promote the conditions under which the private economy can best perform its function. This means that Government should keep out of the way of, rather than interfere with, the private economy. It means reliance on "free competitive enterprise" rather than on burdensome taxation, excessive regulation, deficit spending, special preference to groups or sections through price supports, subsidized credit, and competition with taxpaying citizens.

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LEGISLATIVE HISTORY

Public Law 87-658
S. 2965

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INDEX AND SUMMARY OF S. 2965

Feb.	7, 1962	Sen. Humphrey introduced and discussed S. 2817 which was referred to the Senate Public Works Committee. Print of bill and remarks of Sen. Humphrey.
		Rep. Blatnik introduced and discussed H. R. 10113 which was referred to the House Public Works Committee. Print of bill and remarks of Rep. Blatnik.
Mar.	8, 1962	Sen. Clark introduced and discussed S. 2965 which was referred to the Senate Public Works Committee. Print of bill and remarks of Sen. Clark.
Mar.	27, 1962	Sen. Chavez submitted the President's proposed amendment to S. 2965.
		Sen. Humphrey commended proposed amendment.
Apr.	17, 1962	Senate committee voted to report (but did not actually report) S. 2965.
Apr.	25, 1962	Senate committee reported S. 2965 with amendments. S. Report No. 1358. Print of bill and report.
		Remarks of Sen. Chavez when reporting S. 2965.
Apr.	27, 1962	Sen. Robertson announced his intention to have S. 2965 referred to the Senate Banking and Currency Committee.
May	3, 1962	Sen. Capehart objected to financing provisions of S. 2965.
May	14, 1962	Sen. Humphrey objected to unanimous consent request for the referral of S. 2965 to the Banking and Currency Committee.
May	16, 1962	House committee ordered H. R. 10113 reported.
		Sen. Cooper discussed method of financing S. 2965.
May	17, 1962	Senate passed over S. 2965 at the request of Sen. Engle.
		Sen. Gruening discussed his proposed amendment.
May	22, 1962	Sen. Gruening stated his intention to propose an amendment to S. 2965.
May	24, 1962	Sen. Case, S. Dak., submitted an amendment in the nature of a substitute.

May 25, 1962	Senate began consideration of S. 2965.
May 28, 1962	Senate passed S. 2965 with amendments. Print of bill as passed by Senate.
May 31, 1962	House committee granted permission to file report on H. R. 10113.
June 4, 1962	House committee reported H. R. 10113 with amendments. H. Report No. 1756. Print of bill and report.
June 12, 1962	Summary of H. R. 10113 as reported by House committee.
Aug. 9, 1962	House Rules Committee reported resolution for the consideration of H. R. 10113. H. Res. 755, H. Report No. 2159. Print of resolution and report.
Aug. 28, 1962	House began debate on H. R. 10113.
Aug. 29, 1962	House passed S. 2965 with amendments (in lieu of H. R. 10113).
	H. R. 10113 laid on table due to passage of S. 2965.
Aug. 30, 1962	Speeches in the House by Rep. Cramer during debate on H. R. 10113.
Aug. 31, 1962	Rep. Gross objected to returning S. 2965 to the House in order to make technical correction in the House amendments.
Sept. 4, 1962	S. 2965 was referred to the Senate Public Works Committee. (Not printed as referred).
	Public Works Committee voted to rereport but did not actually report S. 2965.
Sept. 7, 1962	Senate began consideration of House amendments to S. 2965.
Sept. 10, 1962	Senate agreed to House amendments to S. 2965.
Sept. 14, 1962	Approved: Public Law 87-658.

Hearings: Senate Public Works Committee on S. 2965

House Public Works Committee on H. R. 10113

DIGEST OF PUBLIC LAW 87-658

PUBLIC WORKS ACCELERATION ACT. Enables the President to inaugurate a program of capital improvements when unemployment indicators and other economic data disclose the beginning of the recessional pattern in the economy. Authorizes an immediate $900 million public works program in those areas which are designated by the Secretary of Commerce under the Area Redevelopment Act as "redevelopment areas" and those areas which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least 9 of the preceding 12 months. Of the $900 million authorized, $300 million is to be reserved for allocation in areas designated under Sec. 5(b) of the Area Redevelopment Act relating to unemployment in rural areas.

87TH CONGRESS
2D SESSION

S. 2817

IN THE SENATE OF THE UNITED STATES

FEBRUARY 7, 1962

Mr. HUMPHREY (for himself and Mr. MCCARTHY) introduced the following bill; which was read twice and referred to the Committee on Public Works

A BILL

To establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Public Works Coordina-
4 tion and Acceleration Act".

5 SEC. 2. (a) The Congress finds that there have been
6 periodic declines in business activity causing severe un-
7 employment and resulting in persistently high unemploy-
8 ment levels, loss of production, and loss of purchasing power,
9 and that repetition of these periodic recessions can be

1 avoided, or their impact lessened, by prompt remedial action
2 by the Federal Government as authorized in this Act. The
3 promotion of maximum employment, production, and pur-
4 chasing power is the continuing policy and responsibility of
5 the Federal Government. The Congress also finds that vir-
6 tually every community in the Nation has a backlog of
7 needed capital improvement projects, and that a quick and
8 effective means of increasing employment and expenditures
9 is by accelerating the construction of such projects. Thus,
10 in addition to being a useful economic means for increasing
11 employment and stabilizing the economy, public works con-
12 struction will also meet longstanding public needs, improve
13 community services, and enhance the health and welfare
14 of the citizens of the Nation.

15 (b) It is the purpose of this Act to provide the neces-
16 sary machinery to keep the President and the Congress in-
17 formed on the status of public works construction and plan-
18 ning and to enable the President to take quick and effective
19 action to stimulate the economy by inaugurating a program
20 of needed capital improvements when unemployment indi-
21 cators reveal persistently high levels of unemployment or
22 indicate the beginning of a recessional pattern in the econ-
23 omy. In the furtherance of this purpose, the Act provides
24 the President in such periods with standby authority (1) to
25 increase immediately expenditures for direct Federal pro-

1 grams of capital improvements previously authorized by the
2 Congress, and (2) to furnish incentives through Federal
3 financial assistance to State and local governmental bodies
4 to accelerate their capital improvement programs through the
5 initiation of projects which can be begun promptly and com-
6 pleted over a reasonably short period of time. It is the
7 intent of Congress that departments and agencies of the
8 Federal, State, and local governments should make necessary
9 advance plans for capital improvement projects in order to
10 enable them to act promptly whenever the President initiates
11 the program authorized by this Act.

12 SEC. 3. There is hereby established the Office of Public
13 Works Coordination and Acceleration (hereinafter referred
14 to as the "Office"). The Office shall be administered by a
15 Director of Public Works Coordination and Acceleration
16 (hereinafter referred to as the "Director"). There shall be a
17 Deputy Director. The Director and the Deputy Director
18 shall be appointed by the President by and with the advice
19 and consent of the Senate. The Director shall receive com-
20 pensation at the rate of $20,000 per annum, and the Deputy
21 Director at the rate of $18,500 per annum.

22 SEC. 4. The Director shall encourage the coordination
23 of planning policies for the construction of public works in
24 the United States, and for this purpose shall—

25 (1) collect all necessary information from the head

1 of each department, instrumentality, and agency of the
2 Federal Government, and of State and local govern-
3 ments, having authority to construct public works.
4 (2) review such information and determine—
5 (A) what public works projects have been or
6 are in the process of being planned for construction,
7 (B) what public works projects are required
8 to meet national, regional, and community growth
9 and economic development,
10 (C) what are the present policies of the various
11 departments, agencies, and instrumentalities with
12 respect to planning public works, and
13 (D) the extent to which the policies of each
14 such department, agency, and instrumentality should
15 be coordinated with an overall policy with respect
16 to public works planning and construction, and
17 methods for such coordination.
18 (3) report from time to time as he deems neces-
19 sary but not less often than once each year to the Presi-
20 dent and Congress—
21 (A) all public works which are in the process
22 of being constructed, those which have been or are
23 being planned, and those which should be planned,
24 (B) any other recommendations with respect
25 to planning and coordination of public works.

1 SEC. 5. The Director shall, to the fullest extent possible,
2 cooperate with all departments, agencies, and instrumentali-
3 ties of State and local governments to insure the greatest
4 possible planning and coordination of public works projects
5 at all levels of government.

6 SEC. 6. The Director is authorized to make such rules
7 and regulations as may be necessary to carry out the pur-
8 poses of this Act.

9 SEC. 7. (a) The Director is authorized to establish such
10 advisory committees and to consult with such persons and
11 organizations as he may deem necessary to carry out this Act.

12 (b) The Director shall, in carrying out this Act, utilize
13 to the fullest extent possible the services, facilities, and infor-
14 mation of all departments, agencies, and instrumentalities of
15 government as well as private agencies in order to avoid
16 duplication of effort and expense, and all the departments,
17 agencies, and instrumentalities of the Federal Government
18 shall provide the Director with such services, facilities, and
19 information as he may determine necessary to accomplish the
20 objectives of this Act on a nonreimbursable basis.

21 SEC. 8. (a) The Director is authorized and directed to
22 prepare and to keep current at all times a public works plan
23 which shall have as its basic purpose the acceleration of the
24 construction of public works necessary to increase employ-

1 ment and to stabilize the economy when required to offset
2 declines in economic activity.
3 (b) The public works plan authorized by subsection
4 (a) of this section—
5 (1) shall provide for the acceleration of those Fed-
6 eral public works projects which have been authorized
7 by Congress through the allocation of funds under this
8 Act.
9 (2) shall provide for the acceleration of those public
10 works projects of States and local governments for which
11 Federal financial assistance is authorized under other
12 provisions of law through the allocation of funds under
13 this Act.
14 (3) shall give priority to those public works proj-
15 ects which can—
16 (A) be commenced within sixty days of the
17 date the plan takes effect;
18 (B) meet essential public need;
19 (C) contribute significantly to the reduction
20 of unemployment.
21 (c) All grants-in-aid made from allocations made by
22 the Director under this Act shall be made by the head of the
23 department, agency, or instrumentality of the Federal Gov-
24 ernment administering the law authorizing such grants in
25 accordance with all of the provisions of such law, except (1)

1 provisions requiring allocation of funds among the States,
2 and (2) limitations upon the total amount of such grants
3 for any period.

4 (d) Not more than 12½ per centum of all amounts allo-
5 cated by the Director under this Act shall be made available
6 to projects within any one State.

7 SEC. 9. (a) The plan which the Director is required to
8 establish under section 8 of this Act shall go into effect, and
9 the Director shall have authority to carry out the provisions
10 of such plan, only during those periods when the President
11 shall declare the plan to be in effect except that no such
12 declaration shall be made unless:

13 (1) Data compiled and published by the Secretary
14 of Labor shows (A) that the national unemployment
15 rate, adjusted for seasonal variations, has risen in three
16 of the four most recent consecutive months for which
17 data is available, and (B) that the national unemploy-
18 ment rate, adjusted for seasonal variations, has risen by
19 not less than 0.5 per centum during such period, or

20 (2) Data compiled and published by the Secretary
21 of Labor shows that the national unemployment rate,
22 adjusted for seasonal variations, has exceeded 5 per
23 centum during four of the six most recent consecutive
24 months for which such data is available.

25 (b) Whenever the President declares the plan author-

1 ized by section 8 of this Act to be in effect, such plan shall
2 remain in effect until terminated by the President, or until
3 the end of the twelfth full month which begins after the date
4 such period begins, whichever first occurs.

5 SEC. 10. (a) During any period when the President has
6 declared the public works plan authorized by subsection (a)
7 of section 8 of this Act to be in effect, the Director is
8 authorized to allocate—

9 (1) to the heads of the departments, agencies, and
10 instrumentalities of the Federal Government responsible
11 for the construction of Federal public works projects,
12 such amounts as he determines necessary for the accelera-
13 tion of the construction of such projects, and

14 (2) to the heads of the departments, agencies, and
15 instrumentalities of the Federal Government responsible
16 for the administration of laws authorizing Federal finan-
17 cial assistance to public works projects of States and local
18 governments, such amounts as he determines necessary
19 for the acceleration of the construction of such projects
20 through such Federal financial assistance.

21 (b) The total of all allocations made by the Director
22 under paragraph (1) of subsection (a) of this section shall

1 not exceed $500,000,000, and the total of all allocations
2 made under paragraph (2) of subsection (a) of this section
3 shall not exceed $1,500,000,000.

4 (c) Any allocation made under this section may be
5 obligated immediately by the head of the department, agency,
6 or instrumentality to whom it is made and shall continue to
7 be available for obligation until the termination of the period
8 during which the plan is in effect.

9 (d) There is hereby authorized to be appropriated such
10 sums as may be necessary to liquidate obligations incurred
11 under authority of subsection (c) of this section, and to other-
12 wise carry out this Act.

13 SEC. 11. No part of any allocation made by the Director
14 under subsection (a) of section 10 of this Act shall be made
15 available to any State or local government for any public
16 works project unless such project results in a net increase
17 in the current annual level of expenditures of such govern-
18 ment for capital improvement projects. The head of each
19 department, agency, and instrumentality of the Federal Gov-
20 ernment administering any program for financial assistance
21 which receives an allocation under subsection (a) of section
22 10 of this Act shall promulgate such rules and regulations

1 governing the review of expenditures for capital improvement
2 projects of applicants for assistance from such allocation as
3 may be necessary to carry out this section.

4 SEC. 12. Section 202 of the Housing Amendments of
5 1955 is amended by adding at the end thereof the following
6 new subsection:

7 "(e) During any period when the President has de-
8 clared the public works plan authorized by section 8 of the
9 Public Works Coordination and Acceleration Act to be in
10 effect, the Administrator is authorized to make a grant-in-aid
11 from any allocation made for such purpose under such Co-
12 ordination and Acceleration Act to any public entity de-
13 scribed in clause (1) or (2) of subsection (a) of this section
14 of not to exceed 50 per centum of the cost of construction
15 of any project for public works or facilities, if such project
16 would be eligible (without regard to the restrictions and
17 limitations of subsections (b) and (c) and the proviso of
18 subsection (d) of this section) for financial assistance under
19 subsection (a) of this section."

20 SEC. 13. Section 702 of the Housing Act of 1954 is
21 amended by adding at the end thereof the following new
22 subsection:

23 "(g) Notwithstanding any other provision of this sec-
24 tion, no advance made under this section for the planning

1 of any public works project shall be required to be repaid
2 if—
3 "(1) construction of such project is begun within
4 two years of the date of completion of the plan as
5 determined by the Administrator, or
6 "(2) construction of such project is begun (during
7 a period when the President has declared the public
8 works plan authorized by section 8 of the Public Works
9 Coordination and Acceleration Act to be in effect) as a
10 result of a grant-in-aid made from an allocation made
11 under such Coordination and Acceleration Act."

87TH CONGRESS
2D SESSION

S. 2817

A BILL

To establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes.

By Mr. HUMPHREY and Mr. MCCARTHY

FEBRUARY 7, 1962

Read twice and referred to the Committee on Public Works

Whereas the Federal Government in providing grants-in-aid to States and localities for public welfare assistance has promulgated certain laws, rules, and regulations which adversely affect the reasonable administration of public welfare assistance by the States and localities: therefore be it

Resolved, That the Board of Supervisors of the County of Westchester urge that the State of New York exert all influence possible to encourage the Federal Government to change, alter, and amend said Federal laws, rules, and regulations in order to (among others):

1. Give States freedom of choice in determining whether or not federally aided public welfare assistance is to be administered within their jurisdiction as a single program or as combined programs, instead of stipulating five separate categorical programs as now required by Federal law;

2. Establish a single formula for Federal financial participation applicable to all categories of assistance and to all assistance expenditures whether administered as separate or as combined categories;

3. Eliminate the Federal requirement of accumulating individual case counts in certain categories in order to compute Federal grants-in-aid and, instead, distribute grants-in-aid on a flat percentage basis similar to the new medical-assistance-for-the-aged category;

4. Eliminate the Federal requirement that State policies on eligibility and standards for assistance and other services to welfare recipients must apply equally in all localities as a prerequisite to receipt of Federal grants-in-aid regardless of varying local conditions;

5. Eliminate the Federal requirement prohibiting the use of Federal grants-in-aid for work relief;

6. Eliminate the Federal requirement that, without exception, all money payments to public welfare assistance recipients must be made with no restrictions imposed by the local welfare department on the use of funds by the recipient;

7. Provide a method by which a State may test in court its rights to receive grants-in-aid before the Federal department can cut off funds from a State; and be it further

Resolved, That a certified copy of this resolution be sent to Hon. John F. Kennedy, President of the United States; Hon. Abraham Ribicoff, Secretary of Health, Education, and Welfare of the United States; Hon. Nelson A. Rockefeller, Governor of the State of New York; Chairman, Advisory Commission on Intergovernmental Relations, Washington, D.C.; Commissioner Raymond W. Houston, New York State Commissioner of Social Welfare; Senator Jacob Javits; Senator Kenneth Keating; Congressmen Edwin B. Dooley and Robert R. Barry; and the boards of supervisors and mayors of all New York counties.

ELMER J. MALONEY,
Clerk, Board of Supervisors.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 1564. A bill for the relief of Evangelos J. Marthakis (Rept. No. 1198);

S. 1638. A bill for the relief of Felix Ledina Mendoza (Rept. No. 1199);

S. 1874. A bill for the relief of Roland Fernando Mishutani (Rept. No. 1200);

S. 1881. A bill for the relief of Maria La Bella (Rept. No. 1201);

S. 2101. A bill for the relief of Aida Mary Sorino Boccalery (Rept. No. 1202); and

H.R. 8625. An act for the relief of Dennis H. O'Grady (Rept. No. 1195).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 1841. A bill for the relief of Maria Zambetoulla (Rept. No. 1203); and

H.R. 2990. An act to confer jurisdiction upon the Court of Claims to determine the claim against the United States of Amis Construction Co. and San Ore Construction Co. (Rept. No. 1196).

By Mr. KEATING, from the Committee on the Judiciary, without amendment:

H.R. 74. An act to reimburse the city of New York for expenditure of funds to rehabilitate slip 7 in the city of New York for use by the U.S. Army (Rept. No. 1197).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McCLELLAN (for himself, Mr. EASTLAND, and Mr. ERVIN):

S. 2813. A bill to prohibit wiretapping by persons other than duly authorized law enforcement officers engaged in the investigation or prevention of specified categories of criminal offenses, and for other purposes, to the Committee on the Judiciary.

(See the remarks of Mr. McCLELLAN when he introduced the above bill, which appear under a separate heading.)

By Mr. KERR (for himself and Mr. MAGNUSON):

S. 2814. A bill to provide for the establishment, ownership, operation and regulation of a commercial communications satellite system, and for other purposes; to the Committee on Aeronautical and Space Sciences.

(See the remarks of Mr. KERR when he introduced the above bill, which appear under a separate heading.)

By Mr. MAGNUSON (by request):

S. 2815. A bill to amend the act of September 7, 1957, relating to aircraft loan guaranties; to the Committee on Commerce.

(See the remarks of Mr. MAGNUSON when he introduced the above bill, which appear under a separate heading.)

By Mr. HUMPHREY (for himself and Mr. McCARTHY):

S. 2816. A bill to amend the Internal Revenue Code of 1954 to provide an accelerated amortization deduction for industrial or commercial plants and facilities which will provide new employment opportunities in economically depressed areas; to the Committee on Finance.

S. 2817. A bill to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes; to the Committee on Public Works.

(See the remarks of Mr. HUMPHREY when he introduced the last above-mentioned bill, which appear under a separate heading.)

By Mr. CLARK (for himself and Mr. HUMPHREY):

S. 2818. A bill to promote the foreign policy of the United States by authorizing the purchase of United Nations bonds and the appropriation of funds therefor, and to afford an opportunity for the people of the United States to participate in the purchase of such bonds; to the Committee on Foreign Relations.

(See the remarks of Mr. CLARK when he introduced the above bill, which appear under a separate heading.)

By Mr. McCARTHY:

S. 2819. A bill to provide for the imposition of countervailing duties upon iron ore in order to offset bounties or grants to foreign producers; and

S. 2820. A bill to maintain a fair ratio with domestic consumption of iron ore between iron ore produced in the United States and iron ore imported from foreign countries; to the Committee on Finance.

(See the remarks of Mr. McCARTHY when he introduced the above bills, which appear under a separate heading.)

By Mr. JAVITS:

S. 2821. A bill to amend the National School Lunch Act in order to extend the provisions of such act to nonprofit summer camps for children; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. JAVITS when he introduced the above bill, which appear under a separate heading.)

By Mr. HICKENLOOPER (for himself and Mr. BENNETT):

S. 2822. A bill to establish a cropland retirement program; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. HICKENLOOPER when he introduced the above bill, which appear under a separate heading.)

By Mr. HICKENLOOPER (for himself, Mr. MILLER, Mr. BENNETT, and Mr. COOPER):

S. 2823. A bill to extend and amend the conservation reserve program; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. HICKENLOOPER when he introduced the above bill, which appear under a separate heading.)

By Mr. SPARKMAN (by request):

S. 2824. A bill to amend the Bretton Woods Agreements Act to authorize the United States to participate in loans to the International Monetary Fund to strengthen the international monetary system; to the Committee on Foreign Relations.

(See the remarks of Mr. SPARKMAN when he introduced the above bill, which appear under a separate heading.)

RESOLUTION

JOHN R. DEVEREUX—REFERENCE OF BILL TO COURT OF CLAIMS

Mr. BEALL submitted the following resolution (S. Res. 294), which was referred to the Committee on the Judiciary:

Resolved, That the bill (S. 2735) entitled "A bill for the relief of John R. Devereux" now pending in the Senate, together with all the accompanying papers, is hereby referred to the Court of Claims; and the court shall proceed with the same in accordance with the provisions of sections 1492 and 2509 of title 28 of the United States Code and report to the Senate, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand, as a claim, legal or equitable, against the United States and the amount, if any, legally or equitably due from the United States to the claimant.

COMMUNICATIONS SATELLITE ACT OF 1962

Mr. KERR. Mr. President, on behalf of myself and the Senator from Washington [Mr. MAGNUSON], I introduce a bill which has to do with space communications satellites. This is the administration's bill. I have prepared a brief statement setting forth the similarity between this bill and the one previously introduced.

In accordance with the agreement between me and the Senator from Washington [Mr. MAGNUSON], the chairman of the Commerce Committee, I ask that the bill be referred to the Committee on Aeronautical and Space Sciences, and also that my remarks on the measure be printed at this point in the RECORD.

The ACTING PRESIDENT pro tempore. The bill will be received and re-

ferred, as requested by the Senator from Oklahoma; and, without objection, the remarks will be printed in the RECORD.

The bill (S. 2814) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes, introduced by Mr. KERR (for himself and Mr. MAGNUSON), was received, read twice by its title, and referred to the Committee on Aeronautical and Space Sciences.

The statement presented by Mr. KERR is as follows:

The most important and promising peaceful program resulting thus far from our Nation's extensive space program is the communications satellite system which is now developed to the point where it can become operational in a relatively short time. It is essential that this be done without delay and on the soundest possible organizational base.

In my judgment, the most effective means of insuring that the program is put into operation at the earliest possible time and operated successfully is by creating a corporation, operated for profit, within our private enterprise system—for traditionally our Nation's communications systems which have served our country so well have been privately owned companies. Accordingly, at the beginning of this session I introduced a bill which would authorize private ownership of the U.S. portion of a worldwide communications satellite system.

The President has today sent to the Congress his own proposal for a privately owned corporation. Although the proposed bill transmitted by the President provides for a corporate structure different from that contemplated in the bill I introduced, both strive for the same goal; namely, a privately owned corporation in which the existing American companies engaged in the international communications business would be able to invest, with their investments treated the same as the acquisition of new equipment and thus includible in their rate bases. This important feature permitting the rate of return for all communications services to be spread over a broad base should insure lower charges for communications satellite services. The principal new feature of the administration bill is a provision for two classes of stock, one to be nonvoting, and to receive no dividends but, as described earlier, includible in the rate bases of the investing communications carriers; the other, open to the public, would be voting stock upon which dividends would be paid.

The administration bill authorizes the corporation to issue 1 million shares of class A stock at a price of not less than $1,000 for each share. Class A stock, which is eligible for dividends, may be purchased by any type of investor subject to the limitation that no single investor (including any group of affiliated companies) may own more than 15 percent of the authorized class A stock or more than 25 percent of the outstanding class A stock. Voting rights are confined to class A stock.

The class B stock would be nonvoting and nondividend bearing. It could be owned only by communications common carriers approved by the FCC, and the bill provides that their investment in class B stock may be included in the rate bases of the investing carriers to the extent allowed by the FCC.

The bill also provides for the exchange by communications common carriers of class A stock for class B and vice versa subject to the approval of the FCC, and it authorizes the FCC to compel a carrier to sell either class A or class B stock to another carrier. Noncarrier shareowners, however, could not be compelled to sell stock.

The limitations on foreign ownership of stock in communications carriers contained in the Federal Communications Act of 1934 are made applicable to ownership of shares of stock in the proposed corporation.

I believe that the administration's proposal merits careful consideration, and accordingly the senior Senator from Washington, chairman of the Commerce Committee, and I have agreed to introduce the administration bill for appropriate reference. As has been previously announced, the chairman of the Commerce Committee and I have discussed this particular subject and agreed that the bill should be referred first to the Committee on Aeronautical and Space Sciences and subsequently to the Commerce Committee for consideration if that should prove necessary or desirable.

The enactment of legislation to create a corporation which would make it possible for this Nation to translate its leadership in this phase of space technology into an actual program benefitting the people of this country as well as those of the other countries of the world should be achieved promptly. I can give assurance that insofar as the Space Committee is concerned this item has a high priority and will be taken up at an early date.

AIRCRAFT LOAN GUARANTEES

Mr. MAGNUSON. Mr. President, by request, I introduce for appropriate reference, a bill to amend the act of September 7, 1957, relating to aircraft loan guarantees. I ask unanimous consent to have printed in the RECORD the letter of the Chairman of the Civil Aeronautics Board, requesting the proposed legislation.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 2815) to amend the act of September 7, 1957, relating to aircraft loan guarantees, introduced by Mr. MAGNUSON, by request, was received, read twice by its title, and referred to the Committee on Commerce.

The letter presented by Mr. MAGNUSON is as follows:

CIVIL AERONAUTICS BOARD,
Washington, D.C., February 6, 1962.

Hon. LYNDON B. JOHNSON,
President of the Senate,
U.S. Senate, Washington, D.C.

DEAR MR. PRESIDENT: The Civil Aeronautics Board recommends to the Congress for its consideration the enclosed draft of a proposed bill "to amend the act of September 7, 1957, relating to aircraft loan guarantees."

The Bureau of the Budget states that it is unable, at present, to advise as to the relationship of the proposed bill to the administration's objectives.

Sincerely yours,

———,
Chairman.

STATEMENT OF PURPOSE AND NEED FOR PROPOSED LEGISLATION—A BILL TO AMEND THE ACT OF SEPTEMBER 7, 1957, RELATING TO AIRCRAFT LOAN GUARANTEES

The act of September 7, 1957, authorizes Government guarantee of private loans to certain air carriers for purchase of aircraft. By the terms of the act this authority expires 5 years from the date of enactment.

The act authorizes the Board to guarantee loans made to local service and certain other air carriers for the purchase of aircraft to improve their service and efficiency, with the purpose of enabling these carriers to borrow the necessary funds on reasonable terms. Experience with the act has amply demonstrated that lenders, in order to obtain a guarantee, are generally willing to give more favorable terms than they would without a guarantee. A significant portion of the equipment modernization by eligible carriers, achieved during the life of the act, has been financed by guaranteed loans. As of December 31, 1961, a total of $30,849,503 had been borrowed on such loans, with $23,379,152 still outstanding at that date. These funds have been used to purchase (1) 33 twin turbine engine F-27 aircraft, (2) 12 twin-engine (piston type) Convair 340/440 aircraft, which can be converted to turbine power, (3) 3 twin-engine (piston type) Martin 404 aircraft, (4) 5 single-engine (piston type) Vertol 44B helicopters, and (5) 1 twin turbine engine helicopter. Applications have been approved for one jet aircraft and three additional twin turbine helicopters, the delivery of which will take place in the near future. Applications are now pending for the guarantee of loans for the purchase of eight twin turbine helicopters, four CV-240's and two DC-6's.

Although much use has been made of the act, not all of the eligible carriers have reequipped, and, in many cases, these carriers must acquire modern equipment if in the long run their subsidy needs are to be reduced. In the coming years it is anticipated that suitable new equipment will be offered for sale by manufacturers, and that many of the trunk carriers will be disposing of excellent equipment at reasonable prices. The development of air transportation would be delayed if the smaller carriers could not obtain loan guarantees when they cannot otherwise borrow funds to purchase this more efficient equipment on reasonable terms.

It thus appears that there will be need for loan guarantees during the foreseeable future; accordingly, the draft legislation in effect provides that the authority contained in section 3 of the act is extended for another 5 years from the present expiration date of September 7, 1962.

PUBLIC WORKS COORDINATION AND ACCELERATION ACT

Mr. HUMPHREY. Mr. President, on behalf of myself and my colleague, the junior Senator from Minnesota [Mr. MCCARTHY], I introduce, for appropriate reference, a bill to establish an Office of Public Works Coordination and Acceleration. A companion measure is being offered today in the House by Representative JOHN BLATNIK, of Minnesota.

The basic purpose of this act is to give the President authority to move promptly and effectively to combat recessions or persistently high levels of unemployment.

Mr. President, this proposed legislation which we are offering today seeks to deal in a realistic and practical manner with a problem of ever-growing importance. Namely, that while the economic level of our country has been rising throughout the years in terms of production, the gross national product, and total employment, we nevertheless find ourselves with more and more unemployed workers—both in terms of numbers and percentage.

The figures speak for themselves. In 1953 we had an unemployment rate of 2.9 percent. The following year we had a recession, and by 1956 when we had recovered, the unemployment level stood at 4.2 percent. In 1957, we entered an-

other recession and when it ended in 1959 we had an unemployment rate of 5.5 percent. During this period from 1953 to 1959, the number of jobless workers increased by 100 percent.

Even today, despite a tremendous upsurge in the economy during the past year, we still have an unemployment figure of 5.8 percent.

In considering the unemployment problem, we must also face up to the fact that the number of Americans seeking to enter the work force is steadily increasing. It is estimated that 1.3 million Americans will be annually entering the labor market in the next few years as compared to 800,000 a year averaged over the past 10 years. Also, there are hundreds of thousands of workers who each year are being displaced by technological changes, including automation. We must consider too the many marginal farmers and farmworkers who are being squeezed off the land.

So, it is quite evident that we have our work cut out for us in keeping the economy going at a sufficient rate to absorb the new jobseekers and those who have lost their jobs.

The administration through its sound policies is stimulating the economic growth of our country. The jobless rate has been decreasing over this past year. However, the Congress has not provided the President of the United States with sufficient tools to act promptly to stem recessions and to reduce excessive unemployment.

The purpose of the bill which we are introducing today is to give to the President such tools so that he can act promptly and effectively. The purpose of this act is spelled out in section 2 and I quote:

It is the purpose of this act to provide the necessary machinery to keep the President and the Congress informed on the status of public works construction and planning and to enable the President to take quick and effective action to stimulate the economy by inaugurating a program of needed capital improvements when unemployment indicators reveal persistently high levels of unemployment or indicate the beginning of a recessional pattern in the economy. In the furtherance of this purpose, the act provides the President in such periods with standby authority (1) to increase immediately expenditures for direct Federal programs of capital improvements previously authorized by the Congress, and (2) to furnish incentives through Federal financial assistance to State and local governmental bodies to accelerate their capital improvement programs through the initiation of projects which can be begun promptly and completed over a reasonably short period of time. It is the intent of Congress that departments and agencies of the Federal, State, and local governments should make necessary advance plans for capital improvement projects in order to enable them to act promptly whenever the President initiates the program authorized by the act.

Our bill provides for the establishment of an Office of Public Works Coordination and Acceleration. This Office would be directed to prepare and keep current a shelf of public works projects which could be put into effect in times of recession and rising unemployment. The public works plans envisioned would include Federal public works projects as authorized by Congress, and public works projects of States and local governments for which Federal financial assistance is authorized under existing legislation.

When the President declares this act to be in effect, the Director of the Office of Public Works Coordination and Acceleration would be authorized to allocate an amount not to exceed $2 billion to the heads of departments and agencies of the Federal Government responsible for the construction of Federal public works projects and responsible for the administration of laws authorizing Federal financial assistance for public works projects of State and local governments. The specific amounts to be allocated to the various departments and agencies would be determined by the Director with priority being given to those public works projects which, first, can be commenced within 60 days of the date of enactment of the plan; second, will meet essential public need; and, third, contribute significantly to the reduction of unemployment.

I wish to emphasize, Mr. President, that this bill does not institute any new Federal public works programs or any new Federal assistance programs to State and local governments for public works projects. The programs to which the Director would be authorized to allocate funds would have to have been approved by the Congress through prior legislation. What the bill would do is to provide that an additional $2 billion could be used to accelerate such programs so as to alleviate unemployment and to stem the tide of recessions.

Mr. President, this type of legislation is something we have needed for a long time. It would permit the Federal Government—working with the States and the local communities—to get on with the job whenever the economy should falter. A shelf of public works programs already planned, approved and ready to go, could be put into action with a minimum of delay. Under this plan, within a matter of days, work could begin on public works programs which could put men to work and give the economy a lift.

These public works programs would not only provide gainful employment and give a boost to the economy, but they would be a meaningful and lasting contribution to a better America. These programs would not be make-work schemes. The work which would be done—I repeat—would be programs which the Federal Government, the States, and the local communities have already approved. It would include work on our roads, construction of hospitals, urban renewal programs, community facility programs including the laying of sewer lines, construction of water pollution treatment plants, streets, sidewalks, parks, and playgrounds.

I know the argument will be made that we are advocating a great expenditure here. It is true that this does involve a lot of money. But I would remind the critics of such a program that just in money terms alone we lose much more than the money provided in this bill when people are jobless and without money to keep the economy going. Recessions mean a loss of tens of billions of dollars. But of course, the overall consideration, the prime consideration is the people themselves. In a country as rich and as powerful as ours, it is inexcusable that there are millions of able bodied men and women who want to work but cannot find gainful employment. We have a duty to exert every effort to see to it that there is full employment in this country.

Mr. President, I hope that this proposed legislation which Senator McCarthy and I and Representative Blatnik offer today will be given careful consideration. I was pleased to note that President Kennedy in his state of the Union message asked for standby authority to accelerate federally aided capital improvement programs in times of rising unemployment. I agree 100 percent with the President in the need for such authority. That is what the bill we introduce today seeks to do.

In conclusion, Mr. President, I ask unanimous consent that the bill and a summary of its provisions be printed in the Record.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill and summary will be printed in the Record.

The bill (S. 2817) to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necesary to avoid serious nationwide unemployment levels; and for other purposes, introduced by Mr. Humphrey (for himself and Mr. McCarthy), was received, read twice by its title, referred to the Committee on Public Works, and ordered to be printed in the Record, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Works Coordination and Acceleration Act".

Sec. 2. (a) The Congress finds that there have been periodic declines in business activity causing severe unemployment and resulting in persistently high unemployment levels, loss of production and loss of purchasing power, and that repetition of these periodic recessions can be avoided, or their impact lessened, by prompt remedial action by the Federal Government as authorized in this Act. The promotion of maximum employment, production, and purchasing power is the continuing policy and responsibility of the Federal Government. The Congress also finds that virtually every community in the Nation has a backlog of needed capital improvement projects, and that a quick and effective means of increasing employment and expenditures is by accelerating the construction of such projects. Thus, in addition to being a useful economic means of increasing employment and stabilizing the economy, public works construction will also meet longstanding public needs, improve community services, and enhance the health and welfare of the citizens of the Nation.

(b) It is the purpose of this Act to provide the necessary machinery to keep the President and the Congress informed on the status of public works construction and planning and to enable the President to take quick and effective action to stimulate the economy by inaugurating a program of needed capital improvements when unemployment indicators reveal persistently high levels of unemployment or indicate the beginning of a recessional pattern in the econ-

omy. In the furtherance of this purpose, the Act provides the President in such periods with standby authority (1) to increase immediately expenditures for direct Federal programs of capital improvements previously authorized by the Congress, and (2) to furnish incentives through Federal financial assistance to State and local governmental bodies to accelerate their capital improvement programs through the initiation of projects which can be begun promptly and completed over a reasonably short period of time. It is the intent of Congress that departments and agencies of the Federal, State, and local governments should make necessary advance plans for capital improvement projects in order to enable them to act promptly whenever the President initiates the program authorized by this Act.

SEC. 3. There is hereby established the Office of Public Works Coordination and Acceleration (hereinafter referred to as the "Office"). The Office shall be administered by a Director of Public Works Coordination and Acceleration (hereinafter referred to as the "Director"). There shall be a Deputy Director. The Director and the Deputy Director, shall be appointed by the President by and with the advice and consent of the Senate. The Director shall receive compensation at the rate of $20,000 per annum, the Deputy Director at the rate of $18,500 per annum.

SEC. 4. The Director shall encourage the coordination of planning policies for the construction of public works in the United States, and for this purpose shall—

(1) collect all necessary information from the head of each department, instrumentality, and agency of the Federal Government, and of State and local governments, having authority to construct public works.

(2) review such information and determine—

(A) what public works projects have been or are in the process of being planned for construction,

(B) what public works projects are required to meet national, regional, and community growth and economic development,

(C) what are the present policies of the various departments, agencies, and instrumentalities with respect to planning public works, and

(D) the extent to which the policies of each such department, agency, and instrumentality should be coordinated with an overall policy with respect to public works planning and construction, and methods for such coordination.

(3) report from time to time as he deems necessary but not less often than once each year to the President and Congress—

(A) all public works which are in the process of being constructed, those which have been or are being planned, and those which should be planned,

(B) any other recommendations with respect to planning and coordination of public works.

SEC. 5. The Director shall, to the fullest extent possible, cooperate with all departments, agencies, and instrumentalities of State and local governments to insure the greatest possible planning and coordination of public works projects at all levels of government.

SEC. 6. The Director is authorized to make such rules and regulations as may be necessary to carry out the purposes of this Act.

SEC. 7. (a) The Director is authorized to establish such advisory committees and to consult with such persons and organizations as he may deem necessary to carry out this Act.

(b) The Director shall, in carrying out this Act, utilize to the fullest extent possible the services, facilities, and information of all departments, agencies, and instrumentalities of government as well as private agencies in order to avoid duplication of effort and expense, and all the departments, agencies, and instrumentalities of the Federal Government shall provide the Director with such services, facilities, and information as he may determine necessary to accomplish the objectives of this Act on a nonreimbursable basis.

SEC. 8. (a) The Director is authorized and directed to prepare and to keep current at all times a public works plan which shall have as its basic purpose the acceleration of the construction of public works necessary to increase employment and to stabilize the economy when required to offset declines in economic activity.

(b) The public works plan authorized by subsection (a) of this section—

(1) shall provide for the acceleration of those Federal public works projects which have been authorized by Congress through the allocation of funds under this Act.

(2) shall provide for the acceleration of those public works projects of States and local governments for which Federal financial assistance is authorized under other provisions of law through the allocation of funds under this Act.

(3) shall give priority to those public works projects which can—

(A) be commenced within 60 days of the date the plan takes effect;

(B) meet essential public need;

(C) contribute significantly to the reduction of unemployment.

(c) All grants-in-aid made from allocations made by the Director under this Act shall be made by the head of the Department, Agency, or instrumentality of the Federal Government administering the law authorizing such grants in accordance with all of the provisions of such law, except (1) provisions requiring allocation of funds among the States, and (2) limitations upon the total amount of such grants for any period.

(d) Not more than 12½ per centum of all amounts allocated by the Director under this Act shall be made available to projects within any one State.

SEC. 9. (a) The plan which the Director is required to establish under section 8 of this Act shall go into effect, and the Director shall have authority to carry out the provisions of such plan, only during those periods when the President shall declare the plan to be in effect except that no such declaration shall be made unless:

(1) Data compiled and published by the Secretary of Labor shows (A) that the national unemployment rate, adjusted for seasonal variations, has risen in three of the four most recent consecutive months for which data is available, and (B) that the national unemployment rate, adjusted for seasonal variations, has risen by not less than 0.5 per centum during such period, or

(2) Data compiled and published by the Secretary of Labor shows that the national unemployment rate, adjusted for seasonal variations, has exceeded 5 per centum during four of the six most recent consecutive months for which such data is available.

(b) Whenever the President declares the plan authorized by section 8 of this Act to be in effect, such plan shall remain in effect until terminated by the President, or until the end of the twelfth full month which begins after the date such period begins, whichever first occurs.

SEC. 10. (a) During any period when the President has declared the public works plan authorized by subsection (a) of section 8 of this Act to be in effect, the Director is authorized to allocate—

(1) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the construction of Federal public works projects, such amounts as he determines necessary for the acceleration of the construction of such projects, and

(2) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of laws authorizing Federal financial assistance to public works projects of States and local governments, such amounts as he determines necessary for the acceleration of the construction of such projects through such Federal financial assistance.

(b) The total of all allocations made by the Director under paragraph (1) of subsection (a) of this section shall not exceed $500,000,000, and the total of all allocations made under paragraph (2) of subsection (a) of this section shall not exceed $1,500,000,000.

(c) Any allocation made under this section may be obligated immediately by the head of the department, agency, or instrumentality to whom it is made and shall continue to be available for obligation until the termination of the period during which the plan is in effect.

(d) There is hereby authorized to be appropriated such sums as may be necessary to liquidate obligations incurred under authority of subsection (c) of this section, and to otherwise carry out this Act.

SEC. 11. No part of any allocation made by the Director under subsection (a) of section 10 of this Act shall be made available to any State or local government for any public works project unless such project results in a net increase in the current annual level of expenditures of such government for capital improvement projects. The head of each department, agency, and instrumentality of the Federal Government administering any program for financial assistance which receives an allocation under subsection (a) of section 10 of this Act shall promulgate such rules and regulations governing the review of expenditures for capital improvement projects of applicants for assistance from such allocation as may be necessary to carry out this section.

SEC. 12. Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new subsection:

"(2) During any period when the President has declared the public works plan authorized by section 8 of the Public Works Coordination and Acceleration Act to be in effect, the Administrator is authorized to make a grant-in-aid from any allocation made for such purpose under such Coordination and Acceleration Act to any public entity described in clause (1) or (2) of subsection (a) of this section of not to exceed 50 percent of the cost of construction of any project for public works or facilities, if such project would be eligible (without regard to the restrictions and limitations of subsections (b) and (c) and the proviso of subsection (d) of this section) for financial assistance under subsection (a) of this section."

SEC. 13. Section 702 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding any other provision of this section, no advance made under this section for the planning of any public works project shall be required to be repaid if—

"(1) construction of such project is begun within two years of the date of completion of the plan as determined by the Administrator, or

"(2) construction of such project is begun (during a period when the President has declared the public works plan authorized by section 8 of the Public Works Coordination and Acceleration Act to be in effect) as a result of a grant-in-aid made from an allocation made under such Coordination and Acceleration Act."

The summary presented by Mr. HUMPHREY is as follows:

SUMMARY: PUBLIC WORKS COORDINATION AND ACCELERATION ACT

I. ESTABLISHES AN "OFFICE OF PUBLIC WORKS COORDINATION AND ACCELERATION"

A. This creates the necessary machinery for:

1. Keeping the President and the Congress advised on the status of public works construction, planning, and those public works needed to meet our national, regional, and community growth and economic development.

2. Encouraging and suggesting methods by which the public works planning policies of the various instrumentalities of the Federal Government, and the instrumentalities of State and local governments can be coordinated to insure maximum effectiveness and efficiency in public works construction.

3. Keeping in readiness a public works acceleration plan should a public works acceleration period be proclaimed by the President.

4. An independent office, responsible to the President, whose function would be to allocate the funds provided for under this act to the respective departments, agencies, and instrumentalities of the Federal Government for use in accelerating programs under their jurisdiction when the acceleration plan is in effect.

II. CAPITAL IMPROVEMENT ACCELERATION PERIODS

A. Gives the President authority to declare the public works acceleration plan in effect after the following criteria have been met:

1. The unemployment rate has risen in 3 of the 4 most consecutive months and increased by 0.5 percent in that period.

2. The unemployment rate has exceed 5 percent during 4 of the 6 most recent consecutive months for which such data is available.

B. The plan shall remain in effect until terminated by the President, or is automatically terminated after 12 months.

III. PROGRAMS AUTHORIZED DURING ACCELERATION PERIODS

A. Increased expenditures for initiation and acceleration of projects under direct Federal programs ($500 million) authorized to be distributed by the Director among the departments and agencies administering such existing programs in accordance with the acceleration plan proclaimed by the President.

B. Increased expenditures for initiation and acceleration of programs under existing Federal grant-in-aid programs.

C. Authorizes grants-in-aid of up to 50 percent of the cost of construction during a capital improvement acceleration program for any project eligible for financial assistance under subsection (A) Sec. 202 of the Housing Amendments of 1955 (community facilities program). The population restrictions on the communities eligible under this program are removed.

D. $1.5 billion is authorized to be distributed by the director among the departments and agencies administering programs under B and C (above) in accordance with the acceleration plan.

E. Limitations and restrictions:

1. Grants are not subject to any limitation in existing programs with respect to the apportionment of funds among the States.

2. All grants-in-aid made from allocations by the Director shall be made in accordance with all the provisions of the law authorizing such grants (excepting apportionment of funds among the States).

3. Not more than 12½ percent of grant funds may go to one State.

4. Priority should be given to public works projects which (1) can be commenced within 60 days, (2) meet essential public need, and (3) contribute significantly to the reduction of unemployment.

5. Administering agencies must assure that funds provided to assist State and local governmental bodies are provided only for projects and programs which increase net annual capital improvement expenditures.

IV. SOURCE OF FUNDS

A. The administering agencies are authorized to obligate the moneys allocated to them by the Director. Appropriations are authorized.

V. ADVANCES FOR PUBLIC WORKS PLANNING

A. Planning advances shall not be required to be repaid if construction of the project is begun within 2 years of the date of the completion of the plan as determined by the administrator.

B. Planning advances shall not be required to be repaid if construction of such project is begun during a period when the President has declared the capital improvement acceleration program to be in effect.

PURCHASE OF UNITED NATIONS BONDS

Mr. CLARK. Mr. President, on behalf of the senior Senator from Minnesota [Mr. HUMPHREY] and myself, I introduce for appropriate reference, a bill to authorize the people of the United States to purchase from the Treasury special peace bonds to help finance the purchase of United Nations bonds by the Federal Government.

Mr. President, I ask unanimous consent that the bill may lie on the desk until the end of business on February 20, in order that other Senators who may desire to join in the cosponsorship of the bill may do so.

I ask unanimous consent that the text of the bill may be printed at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, will remain on the desk as requested, and it will be printed in the RECORD.

The bill (S. 2818) to promote the foreign policy of the United States by authorizing the purchase of United Nations bonds and the appropriation of funds therefor, and to afford an opportunity for the people of the United States to participate in the purchase of such bonds, introduced by Mr. CLARK (for himself and Mr. HUMPHREY), was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby authorized to be appropriated to the President, without fiscal-year limitation, out of any money in the Treasury not otherwise appropriated, $100,000,000 for the purchase of United Nations bonds. Amounts appropriated pursuant to the preceeding sentence shall be used for such purchases at any time that the President determines it necessary. This determination shall not be contingent upon the sale of peace bonds nor any proceeds to be derived therefrom.

SEC. 2. Amounts received from the annual repayment of principal and payment of interest due on United Nations bonds shall be deposited into the Treasury of the United States in a special fund which shall be available for redemption of peace bonds. Amounts not needed for such redemptions shall be deposited into miscellaneous receipts.

SEC. 3. The United Nations Participation Act of 1945 is amended by adding at the end thereof the following:

"UNITED NATIONS PEACE BONDS

"SEC. 9. (a) For the purpose of providing an opportunity for the public to provide support for the activities of the United Nations, the Secretary of the Treasury is authorized and directed to issue special obligations of the United States, designated as 'peace bonds', in accordance with the provisions of law applicable to United States savings bonds except that peace bonds shall mature not more than twenty-five years from the date as of which issued, and shall be issued on a discount basis such as to afford an investment yield not in excess of 2 per centum per annum, compounded semiannually when held to maturity.

"(b) Peace bonds shall have a face value of $25, $50, $100, $500 and $1,000 when held to maturity, and may be issued in such other denominations as the Secretary of the Treasury may from time to time determine. No person or business entity may purchase or hold peace bonds with a face value in excess of $10,000.

"(c) Amounts realized by the Secretary of the Treasury from the sale of peace bonds shall be deposited in a special fund in the Treasury, and shall be available for use in the purchase of United Nations bonds."

Mr. CLARK. Mr. President, a practically identical bill was introduced in the House of Representatives by Representative KOWALSKI, of Connecticut. The bill would authorize the Treasury to issue for sale to the general public "peace bonds" in denominations of $25, $50, $100, $500, and $1,000, bearing 2 percent interest compounded semiannually, to underwrite a part or all of the $100 million U.N. bond issue for which the administration is asking Congress authority to purchase. Purchases would be limited to $10,000 per individual or business entity.

I am going to do my best, as I am sure the Senator from Minnesota will do his best, to obtain administration backing for this peace bond issue.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. JAVITS. This whole subject of the use of peace bonds is interesting to me, because for the last several years I have been urging the Treasury Department to sell $25 billion worth as a way to deal with the long-term debt of the United States.

I wish to compliment the Senator from Pennsylvania and his colleague for utilizing this type of bond approach to the problem. I am unhappy about the fact that the bonds would be used for a very desirabel but rather limited purpose, because what we are doing now is a terrific description of what could greatly excite and get a lot of support from the American people.

I congratulate the Senator. For a long time Senator WILLIAMS and I and the Treasury Department have had a go-round on the question of calling our savings bonds peace bonds.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. HUMPHREY. I am very happy to be associated with the Senator from

Pennsylvania on this proposal. I believe it will have considerable public support. I am sure the Senator from Pennsylvania and other Senators have had letters, as I have, from constituents indicating a desire for such a proposal as the issuance of peace bonds in aiding the financial stability of the United Nations. I will do what I can to get administration support, and I hope we can get action on the proposal.

EXTENSION OF NATIONAL SCHOOL LUNCH ACT TO COVER NONPROFIT SUMMER CAMPS FOR CHILDREN

Mr. JAVITS. Mr. President, I introduce, for appropriate reference, a bill to extend the benefits of the National School Lunch Act to nonprofit summer camps for children. It would take up the vacation period slack in the program as far as many thousands of children are concerned. Just the day before yesterday Senator HUMPHREY inserted in the RECORD an editorial praising the school lunch program, which has indeed been an excellent one, and noting that there may be some proposals soon to expand it. The bill now being introduced would expand it so that many of the same children who benefit from it during the school year would be able to continue to do so during the summer months while they attend nonprofit summer camps.

This gap in the present program was brought to my attention by the Community Council of Greater New York, which points out that camps operated by New York City agencies alone provide for vacations for more than 100,000 children, the majority of whom come from families in the low income groups. The bill would, of course, apply throughout the Nation, wherever the school lunch program is being used.

Certain surplus foods are now available to nonprofit camps, but the range of such foods is much narrower than that available under the school lunch program and depends upon the size of the surplus. In some recent years, for example, distribution of dairy products, butter and cheese had to be restricted to schools. The bill would correct this discrepancy and would also make available foods, such as frozen meats and poultry and canned fruit and vegetables, which are purchased with funds appropriated for the national school lunch program and cannot be made available from any other outlet.

I urge that the bill be given prompt consideration so that the nonprofit summer camps may have the benefit of these foods during the coming summer.

I ask unanimous consent that the bill be printed in the RECORD.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2821) to amend the National School Lunch Act in order to extend the provisions of such act to nonprofit summer camps for children, introduced by Mr. JAVITS, was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the seventh sentence of section 4 of the National School Lunch Act (42 U.S.C. 1753) is amended to read as follows: "For the purposes of this Act the term 'school' means any public or nonprofit private school of high school grade or under and any nonprofit summer camp for children; and, with respect to Puerto Rico, such term shall also include nonprofit child-care centers certified as such by the Governor of Puerto Rico."

CROPLAND RETIREMENT ACT OF 1962

Mr. HICKENLOOPER. Mr. President, on behalf of myself, and the Senator from Utah [Mr. BENNETT] I introduce, for appropriate reference, a bill to establish a cropland retirement program. I ask unanimous consent that the bill be printed in the RECORD, and held at the desk until the close of business on next Wednesday for any additional cosponsors who wish to add their names to it.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD and will lie on the desk, as requested by the Senator from Iowa.

The bill (S. 2822) to establish a cropland retirement program, introduced by Mr. HICKENLOOPER (for himself and Mr. BENNETT), was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Cropland Retirement Act of 1962".

Declaration of policy

SEC. 2. The Congress finds that the production of excessive supplies of wheat and other grains depresses prices and the income of farm families, constitutes improper land use, and is wasteful of our natural resources. It is hereby declared to be the policy of the Congress and the purpose of this Cropland Retirement Act of 1962 to bring the supplies of wheat and other grains into line with current demand so that (a) farm prices and per family farm income can be increased; (b) the surplus of these commodities can be reduced; and (c) the public cost of farm programs can be decreased. To effectuate the policy of Congress and the purpose of this Act, programs are herein established to assist farmers to divert a portion of their cropland from the production of excessive supplies of wheat and other grains, and to carry out a voluntary program of soil, forest and wildlife conservation.

TITLE I—LAND RETIREMENT AND SOIL CONSERVATION

Annual determination—voluntary land retirement—eligibility for price support—rental payments in cash or kind

SEC. 101. Beginning with the 1963 crop year the Secretary of Agriculture is authorized and directed to establish and carry out a cropland retirement program. In formulating and administering such program—

(a) The Secretary shall not later than February 1 of each year make and announce an annual determination of—

(1) the total estimated cropland available for the production of crops in the United States in that year;

(2) the total acreage of wheat, corn, oats, rye, barley, grain sorghum, soybeans, and flaxseed necessary to bring the total estimated annual production plus the anticipated release from the Commodity Credit Corporation stocks into balance with the estimated annual disappearance of such commodities; and

(3) the total acreage of farm cropland necessary to be retired and devoted to soil-conserving uses in order to achieve this balance.

(b) The Secretary is authorized to enter into contracts for periods of three or more years with producers determined by him to have control for the contract period of the farms covered by the contracts if such producers agree to retire and devote to soil-conserving uses any or all farm cropland. The Secretary shall determine and announce the period within which such contracts will be entered into. This period shall be of sufficient duration to provide an opportunity for maximum producer participation. The Secretary shall encourage the retirement and conservation of whole farms and shall provide full opportunity for producers of all commodities to voluntarily participate in the cropland retirement program: *Provided,* That the Secretary shall place a maximum limitation on the percentage of total cropland which may be retired and devoted to soil-conserving uses in any State or county if he finds that such action is necessary to prevent the cropland retirement program from having an unduly disruptive effect on the economies of counties and local communities.

(c) Each year upon the expiration of the period within which contracts may be entered into pursuant to subsection (b) of this section, the Secretary shall determine whether the acreage of cropland retired and devoted to soil-conserving uses pursuant to subsection (b) of this section is sufficient to obtain the balance specified in subsection (a)(2) of this section.

In any year that the Secretary finds that sufficient cropland has not been retired and conserved under subsection (b) of this section to obtain the balance specified in subsection (a)(2) of this section, he shall—

(1) Determine and announce the percentage of the total cropland in the United States necessary to be retired and devoted to soil-conserving uses to obtain such balance;

(2) Be authorized to enter into annual cropland retirement contracts with producers determined by him to have control for the contract period of the farms covered by the contract if such producers agree to retire and devote to soil-conserving uses that percentage of their cropland required to be retired and devoted to soil-conserving uses in order for such producers to be eligible for price support on wheat, corn, oats, rye, barley, grain sorghum, soybeans, and flaxseed.

(3) Notwithstanding any other provision of law, make available through loans and purchase agreements, price support on wheat, corn, oats, rye, barley, grain sorghum, soybeans, and flaxseed to only those producers who comply with the cropland retirement program and retire and devote to soil-conserving uses at least that percentage of their farm cropland determined by the Secretary pursuant to subsection (c)(1) of this section. Any cropland retired pursuant to subtitle B of the Soil Bank Act, as amended (70 Stat. 188; 7 U.S.C. 1801 and the following), or pursuant to subsection (b) of this section, shall be deemed to be retired and devoted to soil-conserving uses for the purpose of establishing eligibility for price support on wheat, corn, oats, rye, barley, grain sorghum, soybeans, and flaxseed. Any cropland retired and devoted to soil-conserving uses under the cropland retirement program established pursuant to this title shall be deemed in subsequent years to have been planted cropland for the purpose of establishing cropland his-

87TH CONGRESS
2D SESSION

H. R. 10113

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 1962

Mr. BLATNIK introduced the following bill; which was referred to the Committee on Public Works

A BILL

To establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Public Works Coordi-
4 nation and Acceleration Act".

5 SEC. 2. (a) The Congress finds that there have been
6 periodic declines in business activity causing severe unem-
7 ployment and resulting in persistently high unemployment
8 levels, loss of production and loss of purchasing power, and
9 that repetition of these periodic recessions can be avoided,

1 or their impact lessened, by prompt remedial action by the
2 Federal Government as authorized in this Act. The pro-
3 motion of maximum employment, production, and purchas-
4 ing power is the continuing policy and responsibility of the
5 Federal Government. The Congress also finds that virtually
6 every community in the Nation has a backlog of needed cap-
7 ital improvement projects, and that a quick and effective
8 means of increasing employment and expenditures is by ac-
9 celerating the construction of such projects. Thus, in addi-
10 tion to being a useful economic means for increasing employ-
11 ment and stabilizing the economy, public works construction
12 will also meet longstanding public needs, improve commu-
13 nity services, and enhance the health and welfare of the cit-
14 izens of the Nation.

15 (b) It is the purpose of this Act to provide the neces-
16 sary machinery to keep the President and the Congress
17 informed on the status of public works construction and
18 planning and to enable the President to take quick and
19 effective action to stimulate the economy by inaugurating a
20 program of needed capital improvements when unemploy-
21 ment indicators reveal persistently high levels of unemploy-
22 ment or indicate the beginning of a recessional pattern in the
23 economy. In the furtherance of this purpose, the Act pro-
24 vides the President in such periods with standby authority
25 (1) to increase immediately expenditures for direct Federal

1 programs of capital improvements previously authorized by
2 the Congess, and (2) to furnish incentives through Federal
3 financial assistance to State and local governmental bodies to
4 accelerate their capital improvement programs through the
5 initiation of projects which can be begun promptly and com-
6 pleted over a reasonably short period of time. It is the
7 intent of Congress that departments and agencies of the
8 Federal, State, and local governments should make necessary
9 advance plans for capital improvement projects in order to
10 enable them to act promptly whenever the President initiates
11 the program authorized by this Act.

12 SEC. 3. There is hereby established the Office of Pub-
13 lic Works Coordination and Acceleration (hereinafter re-
14 ferred to as the "Office"). The Office shall be administered
15 by a Director of Public Works Coordination and Accelera-
16 tion (hereinafter referred to as the "Director"). There
17 shall be a Deputy Director. The Director and the Deputy
18 Director shall be appointed by the President by and with
19 the advice and consent of the Senate. The Director shall
20 receive compensation at the rate of $20,000 per annum, and
21 the Deputy Director at the rate of $18,500 per annum.

22 SEC. 4. The Director shall encourage the coordination
23 of planning policies for the construction of public works in
24 the United States, and for this purpose shall—

25 (1) collect all necessary information from the head

1 of each department, instrumentality, and agency of the
2 Federal Government, and of State and local govern-
3 ments, having authority to construct public works.
4 (2) review such information and determine—
5 (A) what public works projects have been or
6 are in the process of being planned for construction,
7 (B) what public works projects are required
8 to meet national, regional, and community growth
9 and economic development,
10 (C) what are the present policies of the various
11 departments, agencies, and instrumentalities with re-
12 spect to planning public works, and
13 (D) the extent to which the policies of each
14 such department, agency, and instrumentality should
15 be coordinated with an overall policy with respect
16 to public works planning and construction, and
17 methods for such coordination.
18 (3) report from time to time as he deems necessary
19 but not less often than once each year to the President
20 and Congress—
21 (A) all public works which are in the process
22 of being constructed, those which have been or are
23 being planned, and those which should be planned,
24 (B) any other recommendations with respect
25 to planning and coordination of public works.

1 SEC. 5. The Director shall, to the fullest extent possible,
2 cooperate with all departments, agencies, and instrumentali-
3 ties of State and local governments to insure the greatest
4 possible planning and coordination of public works projects
5 at all levels of government.

6 SEC. 6. The Director is authorized to make such rules
7 and regulations as may be necessary to carry out the pur-
8 poses of this Act.

9 SEC. 7. (a) The Director is authorized to establish such
10 advisory committees and to consult with such persons and
11 organizations as he may deem necessary to carry out this
12 Act.

13 (b) The Director shall, in carrying out this Act, utilize
14 to the fullest extent possible the services, facilities, and in-
15 formation of all departments, agencies, and instrumentalities
16 of Government as well as private agencies in order to avoid
17 duplication of effort and expense, and all the departments,
18 agencies, and instrumentalities of the Federal Government
19 shall provide the Director with such services, facilities, and
20 information as he may determine necessary to accomplish
21 the objectives of this Act on a nonreimbursable basis.

22 SEC. 8. (a) The Director is authorized and directed to
23 prepare and to keep current at all times a public works plan
24 which shall have as its basic purpose the acceleration of the

1 construction of public works necessary to increase employ-
2 ment and to stabilize the economy when required to offset
3 declines in economic activity.

4 (b) The public works plan authorized by subsection
5 (a) of this section—

6 (1) shall provide for the acceleration of those Fed-
7 eral public works projects which have been authorized
8 by Congress through the allocation of funds under this
9 Act.

10 (2) shall provide for the acceleration of those public
11 works projects of States and local governments for
12 which Federal financial assistance is authorized under
13 other provisions of law through the allocation of funds
14 under this Act.

15 (3) shall give priority to those public works proj-
16 ects which can—

17 (A) be commenced within sixty days of the
18 date the plan takes effect;

19 (B) meet essential public need;

20 (C) contribute significantly to the reduction
21 of unemployment.

22 (c) All grants-in-aid made from allocations made by
23 the Director under this Act shall be made by the head of
24 the department, agency, or instrumentality of the Federal
25 Government administering the law authorizing such grants

1 in accordance with all of the provisions of such law, except
2 (1) provisions requiring allocation of funds among the
3 States, and (2) limitations upon the total amount of such
4 grants for any period.

5 (d) Not more than 12½ per centum of all amounts allo-
6 cated by the Director under this Act shall be made available
7 to projects within any one State.

8 SEC. 9. (a) The plan which the Director is required to
9 establish under section 8 of this Act shall go into effect, and
10 the Director shall have authority to carry out the provisions
11 of such plan, only during those periods when the President
12 shall declare the plan to be in effect except that no such
13 declaration shall be made unless—

14 (1) data compiled and published by the Secretary
15 of Labor shows (A) that the national unemployment
16 rate, adjusted for seasonal variations, has risen in three
17 of the four most recent consecutive months for which
18 data is available, and (B) that the national unemploy-
19 ment rate, adjusted for seasonal variations, has risen by
20 not less than 0.5 per centum during such period, or

21 (2) data compiled and published by the Secretary
22 of Labor shows that the national unemployment rate,
23 adjusted for seasonal variations, has exceeded 5 per
24 centum during four of the six most recent consecutive
25 months for which such data is available.

1 (b) Whenever the President declares the plan author-
2 ized by section 8 of this Act to be in effect, such plan shall
3 remain in effect until terminated by the President, or until
4 the end of the twelfth full month which begins after the date
5 such period begins, whichever first occurs.

6 SEC. 10. (a) During any period when the President has
7 declared the public works plan authorized by subsection (a)
8 of section 8 of this Act to be in effect, the Director is author-
9 ized to allocate—

10 (1) to the heads of the departments, agencies, and
11 instrumentalities of the Federal Government responsible
12 for the construction of Federal public works projects,
13 such amounts as he determines necessary for the acceler-
14 ation of the construction of such projects, and

15 (2) to the heads of the departments, agencies, and
16 instrumentalities of the Federal Government responsible
17 for the administration of laws authorizing Federal finan-
18 cial assistance to public works projects of States and
19 local governments, such amounts as he determines neces-
20 sary for the acceleration of the construction of such
21 projects through such Federal financial assistance.

22 (b) The total of all allocations made by the Director
23 under paragraph (1) of subsection (a) of this section shall
24 not exceed $500,000,000, and the total of all allocations

1 made under paragraph (2) of subsection (a) of this section
2 shall not exceed $1,500,000,000.
3 (c) Any allocation made under this section may be obli-
4 gated immediately by the head of the department, agency, or
5 instrumentality to whom it is made and shall continue to be
6 available for obligation until the termination of the period
7 during which the plan is in effect.
8 (d) There is hereby authorized to be appropriated such
9 sums as may be necessary to liquidate obligations incurred
10 under authority of subsection (c) of this section, and to
11 otherwise carry out this Act.
12 SEC. 11. No part of any allocation made by the Director
13 under subsection (a) of section 10 of this Act shall be made
14 available to any State or local government for any public
15 works project unless such project results in a net increase
16 in the current annual level of expenditures of such govern-
17 ment for capital improvement projects. The head of each
18 department, agency, and instrumentality of the Federal
19 Government administering any program for financial assist-
20 ance which receives an allocation under subsection (a) of
21 section 10 of this Act shall promulgate such rules and regu-
22 lations governing the review of expenditures for capital im-
23 provement projects of applicants for assistance from such
24 allocation as may be necessary to carry out this section.

1 SEC. 12. Section 202 of the Housing Amendments of
2 1955 is amended by adding at the end thereof the following
3 new subsection:
4 "(e) During any period when the President has
5 declared the public works plan authorized by section 8 of the
6 Public Works Coordination and Acceleration Act to be in
7 effect, the Administrator is authorized to make a grant-in-aid
8 from any allocation made for such purpose under such
9 Coordination and Acceleration Act to any public entity
10 described in clause (1) or (2) of subsection (a) of this
11 section of not to exceed 50 per centum of the cost of con-
12 struction of any project for public works or facilities, if such
13 project would be eligible (without regard to the restrictions
14 and limitations of subsections (b) and (c) and the proviso of
15 subsection (d) of this section) for financial assistance under
16 subsection (a) of this section."
17 SEC. 13. Section 702 of the Housing Act of 1954 is
18 amended by adding at the end thereof the following new sub-
19 section:
20 "(g) Notwithstanding any other provision of this sec-
21 tion, no advance made under this section for the planning
22 of any public works project shall be required to be repaid
23 if—
24 "(1) construction of such project is begun within

1 two years of the date of completion of the plan as deter-
2 mined by the Administrator, or
3 "(2) construction of such project is begun (during
4 a period when the President has declared the public
5 works plan authorized by section 8 of the Public Works
6 Coordination and Acceleration Act to be in effect) as a
7 result of a grant-in-aid made from an allocation made
8 under such Coordination and Acceleration Act."

87TH CONGRESS
2D SESSION

H. R. 10113

A BILL

To establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes.

By Mr. BLATNIK

FEBRUARY 7, 1962

Referred to the Committee on Public Works

sidize the teachers of their children. If such a proposal, by some unlikely circumstance, should come to a vote, I believe it would be decisively defeated.

What is needed, Mr. Speaker, is an end to this flogging of a dead horse. Unless a new approach can be developed, quite different from that advocated by the administration, I believe we shall continue simply to talk about education instead of developing a sound program of action.

AWARDS UNDER PHILIPPINE REHABILITATION ACT

(Mr. CURTIS of Massachusetts asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CURTIS of Massachusetts. Mr. Speaker, H.R. 8617, to appropriate $73 million in payment of balances of awards under the Public Rehabilitation Act of April 30, 1946, was scheduled for consideration by the House today, but I understand it will come up later.

But I desire to bring certain facts about this bill before the House now so that Members and others may have them available when the bill is reached.

This bill provides for very large payments to private individuals and there are certain facts about that which deserve attention.

I hope Members will read the minority report printed in the House report on the bill, No. 1042.

Mr. Speaker, of course, the United States must treat the Philippines fairly and generously and must live up to its promises. But the facts before us do not justify the authorization of a further appropriation of $73 million to give further compensation for private war damage suffered in the Philippines during World War II.

The facts, in brief, are that the Congress in 1946 decided to give aid for the rehabilitation of the Philippine economy, which was at a low ebb due to the wartorn condition of the country. It decided that the best way to stimulate the Philippine economy was to pay compensation to private persons who had suffered war damage. It was to be paid on condition that the money should be used to replace or repair the lost or damaged property. This would, in effect, pump money quickly into the stream of the Philippine economy.

In 1946 the Congress appropriated $400 million for this purpose, Public Law 370 of the 79th Congress. The act appears on page 17 of the committee report. At the same time the Congress appropriated an additional $120 million for compensation for war damage to public property. The act established the method of payment of compensation for private property—first, full payment of all damage under $500; and second, to use the rest of the money for pro rata payment of 75 percent of remaining damages. It set up a Philippine War Damage Commission to pass on claims of damage. The $500 claims have been paid in full. Fifty-two percent of the remaining claims have been paid, and it will require about $73 million more to pay the remaining claims up to 75 percent. The present bill provides that amount for that purpose.

It should be emphasized that the payments which have been made were gifts in aid of rehabilitation. They were not payments of legal war damage claims such as arise when our Army found it necessary to seize property and was obligated later to give compensation. Those types of claims have been handled separately from this legislation.

The proponents recognize that fact, but contend that the United States is under moral obligation to pay the balance of the claims up to the 75 percent.

The facts before us do not justify the further payment of $73 million for compensation for private damage at the present time, for the following reasons:

First. The main purpose of the 1946 act was to rehabilitate the war-torn economy of the Philippines. Quotations from the RECORD in support of this statement will be found below. Further payment now of these private claims which are about 15 years old is impractical and will not accomplish that purpose. The much-respected Bell Mission to the Philippines of 1950 looked into this question and reached the following conclusion, which is quoted on page 29 of the House report:

> That further war damage payments to individuals would not contribute materially to economic development in the Philippines, and that continuing assistance by the United States should be for development projects in agriculture and industry related to the specific needs of the Philippine economy rather than as additional war damage payments to individuals.

When Mr. Douglas Dillon was Acting Secretary of State, he wrote to the Speaker of the House on March 3, 1960, about a bill then pending similar to the present bill, and said:

> The executive branch believes that rebuilding, replacement, or repair of war-damaged private property in the Philippines is no longer practicable. Moreover, in view of the time which has elapsed since the original claims were approved, and since the U.S. Philippine War Damage Commission went out of existence on March 31, 1951, it is not considered practicable for the U.S. Government to assume any responsibility for the payment of the balance of approved individual private property claims.

Further payments at this time cannot accomplish the legislative purpose of rehabilitating the wartorn economy of the Philippines. It is too late for that. And while the 1946 act required that payment should be applied to replacement or repair of damaged property, that provision does not appear in the present bill, except in case of payments made outside the Philippines. The provision of the 1946 act, as appearing on page 20 of the House report, was as follows:

> (c) All of the provisions of this title shall be subject to the requirement that, to the fullest extent practicable, the Commission shall require that the lost or damaged property be rebuilt, replaced, or repaired before payments of money are actually made to claimants under this title.

The nature of the payments which would be made under the present bill give an indication that these payments would not accomplish the legislative purpose of rehabilitating the wartorn economy of the Philippines, but would in many cases result in windfalls to large private claimants. The committee report on pages 11 to 14 lists the names of the parties who will receive the additional payments if this bill is enacted, together with the amounts which they will receive. Some of them are listed as follows:

[In pesos]

Claimant:	Amount
The Procter & Gamble Trading Co	257,421.41
Philippine Refining Co., Inc	1,298,443.35
Heald Lumber Co	498,555.33
Singer Sewing Machine Co	288,948.14
Standard Vacuum Oil Co	488,598.88
Philippine Racing Club, Inc	186,439.30
RCA Communications, Inc	133,456.08
Manila Jockey Club, Inc	59,809.02
Army & Navy Club, Inc	75,489.08
Manila Lodge No. 761, BPOE	75,894.58

These are large amounts, and it is not surprising that there is great interest in the present bill. A table on page 7 of the committee report indicates that about one-half of the proposed $73 million appropriation will go to the payment of a few hundred large claims, while the other half will go to the payment of some 80-odd thousand of smaller claims.

Second. If the 1946 act implied any obligation to give further sums in aid of the rehabilitation of the Philippines in addition to the $400 million provided by that act, that obligation has been fully met.

The 1950 report of the Bell mission to the Philippines which is quoted above urged that any further assistance to the Philippines should be for development projects in agriculture and industry rather than as additional war damage payments to individuals. That is exactly what the United States has been doing since the 1946 act. Obligation and commitments for foreign economic aid to the Philippines from 1946 through 1960 amounted to over $1 billion, of which about three-quarters were grants. This appears in the ICA report on U.S. foreign assistance, of March 31, 1961.

Third. The 1946 act did not imply any obligation to give further sums in aid of the rehabilitation of the Philippines in addition to the $400 million provided by that act.

Some persons claim that the main intent of the act was payment of claims up to 75 percent. Others claim that the main intent of the act was to set up a procedure and method of disbursing the $400 million provided by the act. They claim that the attitude of the committees of the Congress was, "We'll pump $400 million into the stream of the economy of the Philippines and then we'll see how far it goes in payment of claims up to the limits which we have set, and we will decide whether we want to provide further moneys for further war-damage payments to individuals or whether we will appropriate funds to rehabilitate the Philippines in other ways."

A reading of the record of the committee hearings and the debates in the House and Senate indicate that a majority of the members of the committees favored the second rather than the first of these views.

If the members of the committees in the House and Senate, who favorably reported the 1946 act, placed their emphasis on the need for payment to individuals up to the full 75-percent limit rather than on merely providing a measure for the disbursement of the $400 million made available, it is extraordinary that those members did not make further efforts to appropriate additional sums to pay the claimants up to the full 75 percent when it became evident that the $400 million appropriated would not support payments up to that limit. The War Damage Commission completed its work and disbursed the $400 million pro rata in less than the 5 years prescribed in the 1946 act.

During the 1960 hearings on a bill having much the same purpose as the present bill, Mr. Frank A. Waring, former chairman of the U.S. Philippine War Damage Commission was asked whether it was the purpose and intent of the Congress in the 1946 act to provide for payment up to the full 75 percent. His answer, at page 14 of the hearings was:

I think the wording of the act itself leaves some doubt as to that. The act did say "up to a maximum of 75 percent." But it did say, "maximum," and it did provide for the pro rata distribution of the funds authorized.

I think the feeling, certainly my feeling, and I believe that of the other members of the Commission and the staff, was that our Philippine friends hoped for payment up to the 75 percent and perhaps even anticipated it.

I think it fair to say that in our public utterances there was no action on our part that would have enforced such hopes.

Fourth. Payments of further compensation now for war damage which occurred 15 years ago is impractical and unsound.

Secretary of the Treasury Robert B. Anderson commented on this, with reference to the 1960 bill, in his letter of June 14, 1960, quoted on page 30 of the committee report, as follows:

Almost 10 years have elapsed since the Philippine War Damage Commission went out of existence, and undoubtedly there will be great difficulties involved in locating claimants and determining the appropriate heirs, next of kin, or successors in interest of original award recipients who have since died or gone out of existence. The administration bill has the great advantage that it would turn over funds to the Philippine Government in full satisfaction and final settlement of all of these awards, leaving to the Philippine Government the detailed administration of the payment of the balance of awards.

Fifth. The following quotations from the 1946 record support the statement made above that the main purpose of that act was to rehabilitate the wartorn economy of the Philippines, which, it is argued, would not now be accomplished by the present bill.

Senator Tidings, of Maryland, in introducing the debate in the Senate on page 11466 of the CONGRESSIONAL RECORD of December 5, 1945, said:

The purpose of the bill, briefly, is to rehabilitate the Philippine Islands in the least costly way we can provide. We have, furthermore, provided that the money so appropriated shall be used to reconstruct the industries and the buildings which have been damaged, rather than to pay in cash, the whole philosophy being to start the wheels of industry turning again so that employment will follow in their wake.

In the 1946 hearings before the Committee on Insular Affairs, Chairman Jasper Bell, of Missouri, said:

My view is that this is purely a bill to rehabilitate the economic situation in the Philippines. And I have consistently refused to support any of the amendments that have been proposed which look to the rehabilitation of individuals except where their rehabilitation was purely incident to the rehabilitation of the economy of the islands.

The record is replete with evidence that the intention of the Congress in 1946 was rehabilitation of the Philippine economy and that payments of compensation to individuals were a means to that end.

Mr. Speaker, I hope that these facts will receive the attention of the Members.

PUBLIC WORK COORDINATION AND ACCELERATION

(Mr. BLATNIK (at the request of Mr. BURKE of Kentucky) was granted permission to extend his remarks at this point in the RECORD.)

Mr. BLATNIK. Mr. Speaker, our Nation is just emerging from its third serious recession in less than a decade. The economic prognosticators are now optimistically telling us that the forces of boom are gaining strength, and that we can expect a significant reduction in the number of unemployed by the end of 1962. We are also told again that this year the economy will reach a new, all-time high in national product. As in the past, however, predictions of sustained, future prosperity may soon be forgotten through indignation over the hardship caused by economic decline. Predictions, in addition, provide little solace for those workers and industries still bearing the adversity of the most recent recession; and even should their burdens soon be lifted, most of those currently unemployed will live with the haunting specter of another recession—one possibly more severe and longer in duration should the pattern of this decade's recessions persist.

The time is past due for the Congress to take a close look at the effectiveness and sufficiency of the tools available to fight economic declines. We must reassess our endeavors to comply with the policy directive of the Employment Act of 1946 which commits the Federal Government to use of the measures required to promote maximum employment, production, and purchasing power. The economic contingencies of the future should be prepared for now—in a period of growth and recovery. Involuntary unemployment, with its demoralizing effects, is both an affront to human dignity and an economic waste. To be derelict in our charge to promote an environment which provides employment opportunities for those able, willing, and seeking work would be a breach of faith on the part of the Congress and a blot on the public conscience of this country.

The duration of the recessions in the past decade has become more prolonged, their severity in terms of the rate of unemployment has become more acute, and the unemployment levels succeeding each have become progressively higher. The experience of this past decade strongly indicates that our present monetary and fiscal tools for combating recessionary downswings have not been adequate in the task of economic stabilization.

I have long felt that more discretionary stabilization tools should be made available to the President to be used to augment those currently available. With this purpose in mind, I have in recent sessions of the Congress advocated legislation providing for the acceleration of public works construction to stem the forces of recession—a program easily accomplished through Federal financial assistance in the construction of needed, worthy public works. No support for this badly needed antirecessionary program was provided by the prior administration—the serious implications of this attitude were clearly demonstrated by the extreme severity and prolonged duration of the 1960–61 recession. Had we acted quickly in the application of this kind of economic stabilizer—one generally recognized to be highly effective when put to timely use—I am confident that a national unemployment rate of better than 6 percent for 16 months could have been avoided, and the duration of this recession considerably lessened. It is our unavoidable obligation to assure that adequate measures will be available in the future to provide a greater stimulus to the economy, and alleviate the hardship and distress generated by severe unemployment.

It was with great satisfaction that I listened to the state of the Union message this year—a gratification prompted by President Kennedy's request for standby authority to accelerate public works construction during periods of economic decline. Executive acceptance of public works acceleration as a necessary implementation to existing stabilization measures, long overdue, had become a reality.

Mr. Speaker, I am today introducing legislation providing for a standby public works acceleration program to be used—after certain economic criteria have been met—to stimulate the employment, production, and purchasing power necessary to turn economic declines and regenerate the forces of growth. We can expect recessionary dips in the future, and so it is necessary that there be a public works coordinator to prepare a shelf of planned projects, the construction which could be immediately started upon proclamation by the President of a public works acceleration program. This legislation also authorizes $2 billion to be allocated among the various levels of government to accelerate and construct projects from the shelf of those planned, mainly in grants for local public works projects. This is not a "boondoggle" or WPA kind of program, but acceleration of programs already authorized by existing operational agencies.

Such a program would not necessarily contribute to a deficit during a recession, but rather would encourage prudent use of Federal, State and local funds in the construction of badly needed public

projects, reducing the amounts of money flowing into nonproductive expenditures, such as unemployment compensation and State and county welfare and relief costs which are currently at an alltime high.

Public works acceleration is a sound, needed, and justified discretionary economic stabilizer in light of the insufficiency of our automatic stabilizers, especially during the two most recent recessions. Other nations, for example, Sweden and the Netherlands, have had a great deal of success with public works acceleration in countering declines in employment. If stand-by authority to accelerate public works construction had been available during the last three recessions, 1953–54, 1957–58, and 1960–61, the time duration of the recessionary period could have been considerably reduced, and, more important, the postrecessionary unemployment levels could have been considerably reduced. The postrecessionary unemployment levels could have been returned to what is considered full employment—an economic state which has not been achieved since the beginning of the 1957 recession.

From the pattern which has emerged from the last three recessions, it is amply clear that we must take more forceful measures at the beginning of a recession if we are to return to full employment and production levels. The employment record in this period of recovery, particularly, is very alarming. Nine months after the low point in the 1949–50 recession, unemployment had dropped by 30.6 percent; after the 1954–55 bottom the unemployment figure had dropped 26.1 percent within 9 months; in 1958–59, by 20 percent; but the same 9-month period in 1961 produced a cut of only 7.3 percent. The progression is clear. The charge is equally as clear—more aggressive measures must be taken from now on.

The duration of unemployment and the rates of unemployment during the past four recessions also clearly corroborate my contention that the duration and severity of our economic declines are progressively worsening. Unemployment in the construction industry during recessions is particularly severe, and this is an occupation where public works acceleration would be particularly helpful in providing employment. The following table should clearly illustrate these points:

Number unemployed 15 weeks or more and rates of unemployment (selected occupations) during past 4 recessions

Recessionary periods	Number unemployed [1]	National unemployment rates [2]	
		Manufacturing	Construction
		Percent	*Percent*
(1) 1949	683,000	5.2	11.9
1950	782,000	5.6	10.7
(2) 1953	211,000	2.5	6.1
1954	812,000	6.1	10.5
(3) 1957	560,000	5.0	9.9
1958	1,451,000	9.2	13.7
(4) 1960	956,000	6.2	12.2
1961	1,532,000	7.7	14.1

[1] 15 weeks or more, annual averages.
[2] Annual averages.
Source: Department of Labor.

Another disturbing feature of our recent economic history is that recovery from each of the past several recessions took place at successively higher levels of unemployment. The upswings after each of the three past recessions were shorter and weaker. The rate at the cyclical peak in July of 1953 was 2.7 percent, in July of 1957 the peak rate was 4.2 percent, and in May of 1960 the rate at the peak had increased to 5.1 percent. The intervals between the recessionary periods has been steadily shrinking, too. After the 1949 recession, the economic upswing lasted a full 45 months. After the 1954 recession expansion continued for 35 months. The period of climb after the 1958 recession lasted only 25 months before the country started into the recession of 1960. These facts carry serious implications for the whole economy. They certainly are not a signal for the Congress to stand idly by with a wait-and-see attitude.

Mr. Speaker, the compelling merit of this legislation lies in the fact that two urgent national needs can be met through this one program. Though essentially designed as a quick and effective means of increasing employment through the acceleration of capital expenditure programs, these bills in addition will provide funds to meet long-standing public needs, now reaching alarming proportions because of prolonged neglect and expanding population.

The State and local governments have made commendable efforts to keep apace of their growing needs, but even with assistance from a variety of Federal programs they have been unable to narrow the gap between existing facilities and actual requirements. The prolonged neglect by the Federal Government has resulted in a serious accumulation of deficiencies in education, airports, urban redevelopment, community facilities, energy supply, transit systems, stream and air pollution, institutional care for dependent and aged persons, and other vital social services. The evidence is strong that the lag in the development of the public sector has also retarded progress in the private sector.

The problem facing us in the area of community facilities expansion is twofold. First, we must try to eliminate our accumulated deficiencies, and second, we must strive to expand public facilities to meet future needs of more than 200 million people. Estimates as to our requirements vary according to how complex a solution is sought and rapid a remedy is contemplated. Regardless of the calculation, need for a staggering outlay is always indicated. Alvin H. Hansen, a reputable economist in this area, estimates that we need to allocate one-fourth of gross national product, or roughly $125 billion a year to the public sector. A lower estimate made by Gen. John S. Bragdon, a special assistant to President Eisenhower, indicated that an investment of $160 billion over the next 10-year period would be required just to take care of the backlog of needs and replacement of existing facilities.

Contrast these estimates with the average nonmilitary public investment of just over $9 billion a year during the period from 1956 to 1959. Even if compared to more conservative estimates of our needs, we have fallen far short of our actual requirements. It is clear that acceleration of public works would be of great assistance in meeting our mushrooming needs in public works, as well as providing significant amounts of employment during a recessionary downswing.

The time, Mr. Speaker, has arrived when we must make stronger efforts to stabilize the economy at the inception of a recession, and to return it to full employment and production levels after the economic downswing. In my district alone the annual average insured unemployment rate in all three of our labor market areas has remained higher than 10 percent since 1958, mainly because the economy has never fully regained its momentum since the 1957–58 recession. The human and economic waste is incalculable. We must act expeditiously before the chain-reaction of events returns us to the misery and acute hardship of the thirties. This possibility, I am sure all will agree, justifies making the necessary preparations to prevent its repetition. The Public Works Coordination and Acceleration Act legislation which I am introducing, I firmly believe, will prevent a return to anything as serious as the depression, and will contribute significantly in ameliorating of future recessions, as well as helping meet the heavy backlog of needed public facilities.

SUMMARY OF PUBLIC WORKS COORDINATION AND ACCELERATION ACT

1. Establishes an Office of Public Works Coordination and Acceleration:

A. This creates the necessary machinery for—

(1) Keeping the President and the Congress advised on the status of public works construction, planning, and those public works needed to meet our national, regional, and community growth and economic development.

(2) Encouraging and suggesting methods by which the public works planning policies of the various instrumentalities of the Federal Government, and the instrumentalities of State and local governments can be coordinated to insure maximum effectiveness and efficiency in public works construction.

(3) Keeping in readiness a public works acceleration plan should a public works acceleration period be proclaimed by the President.

(4) An independent office, responsible to the President, whose function would be to allocate the funds provided for under this act to the respective departments, agencies and instrumentalities of the Federal Government for use in accelerating programs under their jurisdiction in accordance with the public works acceleration plan proclaimed by the President.

2. Capital improvement acceleration periods:

A. Gives the President authority to declare the public works acceleration plan in effect after the following criteria have been met:

(1) The unemployment rate has risen in three of the four most consecutive months and increased by 0.5 percent in that period.

(2) The unemployment rate has exceeded five percent during four of the six most recent consecutive months for which such data is available.

B. The plan shall remain in effect until terminated by the President, or is automatically terminated after 12 months.

3. Programs authorized during acceleration periods:

A. Increased expenditures for initiation and acceleration of projects under direct Federal programs ($500 million authorized to be distributed by the Director among the departments and agencies administering such existing programs in accordance with the acceleration plan proclaimed by the President).

B. Increased expenditures for initiation and acceleration of programs under existing Federal grant-in-aid programs.

C. Authorizes grants-in-aid of up to 50 percent of the cost of construction during a capital improvement acceleration program for any project eligible for financial assistance under subsection (A) section 202 of the Housing Amendments of 1955 (community facilities program). The population restrictions on the communities eligible under this program are removed.

D. One and one-half billion dollars is authorized to be distributed by the director among the departments and agencies administering programs under B and C (above) in accordance with the acceleration plan.

E. Limitations and restrictions:

(1) Grants are not subject to any limitation in existing programs with respect to the apportionment of funds among the States.

(2) All grants-in-aid made from allocations by the Director shall be made in accordance with all the provisions of the law authorizing such grants (excepting apportionment of funds among the States).

(3) Not more than 12½ percent of grant funds may go to one State.

(4) Priority should be given to public works projects which (1) can be commenced within 60 days, (2) meet essential public need, and (3) contribute significantly to the reduction of unemployment.

(5) Administering agencies must assure that funds provided to assist State and local governmental bodies are provided only for projects and programs which increase current net annual capital improvement expenditures.

4. Source of funds:

A. The administering agencies are authorized to obligate the monies allocated to them by the Director. Appropriations are authorized.

5. Advances for public works planning:

A. Planning advances shall not be required to be repaid if construction of the project is begun within two years of the date of the completion of the plan as determined by the administrator.

B. Planning advances shall not be required to be repaid if construction of such project is begun during a period when the President has declared the capital improvement acceleration program to be in effect.

DEPARTMENT OF URBAN AFFAIRS AND HOUSING—REORGANIZATION PLAN NO. 1 OF 1962

(Mrs. GREEN of Oregon asked and was given permission to address the House for 1 minute.)

Mrs. GREEN of Oregon. Mr. Speaker, a lot of false fears and farfetched speculations have been generated about the President's plan to establish a Department of Urban Affairs and Housing.

One of these is that this would centralize local authority in Washington by creating a Federal superpower to usurp the rights of local governments, to decide and dictate how they should be run and to reduce our cities to puppet principalities and our States to dependent colonies.

This, of course, is completely false. It could not be done. It would not be done. And no one I know of, in or out of this administration, would let it be done.

Such tales remind me of a story by the late Bob Burns about a man who refused to tell a young stranger on a train what time it was. He explained that if he did so, he would start a conversation that would lead to an acquaintance, and that the young stranger would then meet his beautiful daughter, fall in love with her, and want to marry her.

"And," said the man, "I don't want a son-in-law that can't buy his own watch."

Just as absurd, but less amusing, are these scareheads that a Department to administer the existing Federal housing and urban programs would be a monster that would swallow up local and State authority.

The fact is that the Department would have the opposite effect. Let us get a few things straight.

There are certain things a reorganization plan cannot do. It cannot scrap, or amend, the Constitution. It cannot change the laws enacted by the Congress, or in any way increase the authority of the Federal Government.

The powers and authorities in housing and urban affairs under a Department would be exactly the same as those now exercised by the agencies that make up the Housing and Home Finance Agency, no more, no less. Only the Congress can add to the present powers under present law, and then only within constitutional limits. This is true, whether or not these functions are administered through a Department or, as at present, through a grouping of agencies.

The Congress, moreover, has been careful to limit the Federal authority in the housing and urban programs it has enacted. No program may become operative except on the request and initiative of the State, the local body, or the individual who seeks to use it. They must first ask for it. Local governments, moreover, must first obtain authority from the States to obtain Federal aid in housing or urban renewal, and the Federal Government requires full compliance with State and local laws as a condition for its assistance. Some States, indeed, and quite a number of localities have not chosen to make use of certain programs, and the Federal Government does not—and cannot—seek to force these programs upon them.

Where a State or local government does avail itself of Federal help, as most of them have, it must, of course, comply with the requirements necessary to assure that the aid will be used for the purposes set forth in the law. This relationship would be no different under a Department than it is now. Such a Department would have no more authority in such matters than is now held by the several agencies linked together under the HHFA.

On the other hand, placement of these housing and urban functions in a Department, under the authority of a Secretary, would result in a consolidation and simplification of their administration under the policies established by the Congress.

More clearly defined responsibility and accountability would better enable the Agency itself, as well as the President and the Congress, to see that these programs are administered within the proper limits of Federal authority.

State and local governments would deal on policy matters through one policy command instead of through diffused and separate lines of policy direction, such as now exist. They would be better able to maintain and develop coordinated direction and control over their own complex operations affecting community and State welfare and growth.

A Department would establish a single point of responsibility and accountability for all these programs at the Federal level. It would enable the President and the Congress more readily to maintain surveillance and control over their direction and development and see that they are administered in the manner that the Congress intended.

The placement of these functions under secretarial direction at the Cabinet level would permit closer coordination with other Federal responsibilities involving local and State relations already established in existing departments.

The consolidation and simplification in the administration of these programs through a department would, in short, make them more efficient, more consistent, and better coordinated, and it would provide the means through which accountability and control of policy and the exercise of power could be clearly established for the Congress and the President.

The Congress has already laid down the basic policy governing these housing and urban programs. This policy would be as binding upon a new department as it is upon the present agencies represented in the HHFA.

That policy was enunciated in the Housing Act of 1949. It clearly states that these programs must be administered to encourage and assist private enterprise to meet as large a part of the need as it can, and, secondly, that appropriate local bodies should be encouraged and assisted to carry out programs of community assistance and renewal. It specifically states that Federal aid shall be extended only to communities that estimate their needs and demonstrate that they cannot be adequately met without such help.

President Kennedy, in his housing message and on other occasions, has cited this statement of policy in the 1949 Housing Act as furnishing the basis for his program in the housing and urban field. The Housing Administrator, Dr. Weaver, and his associated constituent heads, have not only emphasized these principles in their administration of these programs, but in their public utterances during the past year, they have urged State and local governments to assume more responsibility in carrying out these programs and place less reliance on the Federal Government.

The record is clear that the plan to place these programs under departmental direction is not a move to enhance the power of the Federal Government,

87TH CONGRESS
2D SESSION

S. 2965

IN THE SENATE OF THE UNITED STATES

MARCH 8, 1962

Mr. CLARK (for himself, Mr. MCCARTHY, Mr. PELL, and Mr. RANDOLPH) introduced the following bill; which was read twice and referred to the Committee on Public Works

A BILL

To provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Standby Public Works
4 Act of 1962".

5 FINDINGS AND PURPOSE

6 SEC. 2. The continuing policy and responsibility of the
7 Federal Government is to use all practicable means, consist-
8 ent with other essential considerations of national policy, to
9 promote maximum employment, production, and purchasing
10 power. The Congress finds that there have been periodic
11 intervals when severe unemployment and loss of production

1 and purchasing power have occurred and that repetition of
2 these periods of severe unemployment and loss of production
3 and purchasing power can be avoided, or their impact less-
4 ened, by prompt remedial action by the Federal Govern-
5 ment as authorized in this Act. The Congress also finds that
6 virtually every community in the Nation has a backlog of
7 needed public works projects, and that an acceleration of
8 these projects during such intervals will not only increase
9 employment and expenditures at a time when such action
10 is most urgently required, but will also meet longstanding
11 public needs, improve community services, and enhance the
12 health and welfare of the citizens of the Nation.

13 It is the purpose of this Act to provide standby authority
14 which will enable the President to take quick and effective
15 action to stimulate the economy by inaugurating a program
16 of needed public works when unemployment indicators and
17 other economic data clearly reveal that extraordinary action
18 is needed to assure achievement of the objectives stated
19 above, and to provide the President in such periods with
20 authority (1) to immediately increase expenditures for direct
21 Federal programs of public works previously authorized by
22 law, and (2) to furnish an incentive to State and local gov-
23 ernmental bodies to accelerate their public works programs
24 through the initiation of projects which can be begun
25 promptly and completed over a reasonably short period of

1 time. It is the further intent and purpose of the Congress
2 that departments and agencies of the Federal Government
3 shall make advance plans for public works projects that will
4 enable them to act promptly when the President initiates the
5 program authorized by this Act, and that the Federal Gov-
6 ernment shall assist and encourage the States and local gov-
7 ernmental bodies, under the provisions of existing law, to
8 make advance plans for public works projects.

9 PUBLIC WORKS ACCELERATION PERIODS

10 SEC. 3. (a) The President is authorized to proclaim
11 public works acceleration periods and exercise during such
12 periods the powers conferred upon him by this Act. A pub-
13 lic works acceleration period may be proclaimed—

14 (1) within sixty days after the date when data
15 compiled and published by the Department of Labor
16 reveal that the national unemployment rate adjusted
17 for seasonal variations and stated to the nearest one-
18 tenth of 1 per centum of the civilian labor force, (i) has
19 risen in three of the four, or in four of the six, most
20 recent consecutive months for which such data are avail-
21 able, and (ii) has risen by not less than 1.0 percentage
22 point measured from the month immediately preceding
23 such four- or six-month period to the last month of the
24 period, and

25 (2) after the President has determined that existing

1 employment and unemployment indicators and other
2 available economic data clearly reveal that extraordinary
3 action is needed to assure achievement of the objectives
4 of this Act.
5 A public works acceleration period shall begin on the day
6 specified in the President's proclamation hereunder and shall
7 terminate whenever the President finds and declares that
8 the need for the program authorized by this Act no longer
9 exists. Any public works acceleration period proclaimed
10 by the President shall automatically terminate twelve months
11 after initiated unless extended by joint resolution of the
12 Congress. No funds provided under section 9 (b) shall be
13 obligated after termination of such public works acceleration
14 period.
15 (b) No new public works acceleration period shall be
16 proclaimed within the six-month period immediately follow-
17 ing the date of termination of a prior public works accelera-
18 tion period.
19 ACCELERATION OF FEDERAL PROJECTS
20 SEC. 4. In addition to the authority otherwise available
21 to him, the President, during the existence of a public works
22 acceleration period, may for the purpose of this Act, direct
23 the departments and agencies of the executive branch,
24 under such rules and regulations as he may prescribe, to
25 accelerate existing Federal public works projects and pro-

1 grams or to initiate new projects and programs already
2 authorized by law. Any such department or agency may
3 use for such projects and programs funds made available
4 pursuant to section 9 of this Act, in amounts prescribed
5 from time to time by the President: *Provided,* That the
6 aggregate of all funds prescribed by the President for the
7 purposes of this section shall not exceed the applicable
8 limitation in section 9 (b).

9 ACCELERATION OF EXISTING FEDERAL GRANT PROGRAMS

10 SEC. 5. During the existence of a public works accelera-
11 tion period, the President may direct the departments and
12 agencies of the executive branch to make grants, upon appli-
13 cation and under such rules and regulations as they may
14 prescribe, to States, municipalities, local public bodies, and
15 nonprofit organizations, to finance the initiation or accelera-
16 tion of public works projects and programs for which Federal
17 grants to such bodies and organizations are authorized by the
18 Congress and under the terms and conditions prescribed by
19 the Congress: *Provided,* That no grant under this section
20 shall be subject to any limitation in other laws with respect to
21 the apportionment of funds, the time in which grants may be
22 made, or the aggregate dollar amounts of grants for any
23 prescribed purpose, project, or program: *And provided*
24 *further,* That notwithstanding any limitation in other laws
25 requiring a grant to be less than 50 per centum of the cost

1 of undertaking or completing a project or program, grants
2 may be made under the authority of this section which bring
3 the total of Federal grants available for such projects or pro-
4 grams up to 50 per centum of the cost of undertaking or
5 completing such project or program. Any department or
6 agency may use for projects and programs authorized under
7 this section funds made available pursuant to section 9 of this
8 Act, in amounts prescribed from time to time by the Presi-
9 dent: *Provided,* That the aggregate of all funds prescribed
10 by the President for the purpose of this section shall not
11 exceed the applicable limitation in section 9 (b).

12 GRANTS FOR PUBLIC WORKS PROJECTS NOT ELIGIBLE UNDER
13 EXISTING PROGRAMS

14 SEC. 6. (a) During the existence of a public works
15 acceleration period, the Housing and Home Finance Admin-
16 istrator, or such agency or officer of the Federal Government
17 as he may designate, is authorized, upon application and
18 under such rules and regulations as he shall prescribe, to
19 make grants to States, municipalities, and local public bodies
20 to finance the initiation or acceleration of public works proj-
21 ects and programs which are not eligible for grants under
22 other Acts of Congress.

23 (b) The Administrator may use for grants authorized
24 under this section funds made available pursuant to section

1 9 of this Act, in amounts prescribed from time to time by
2 the President: *Provided,* That the aggregate of all funds
3 prescribed by the President for the purposes of this section
4 shall not exceed the applicable limitation in section 9 (b).
5 (c) The amount of any grant made under the authority
6 of this section shall not exceed 50 per centum of the cost of
7 undertaking and completing the project or program for
8 which the grant is made.

9 FEDERAL LOANS

10 SEC. 7. (a) During the existence of a public works
11 acceleration period, the Housing and Home Finance Ad-
12 ministrator, or such agency or officer of the Federal Gov-
13 ernment as he may designate, is authorized, upon applica-
14 tion and under such rules and regulations as he shall pre-
15 scribe, to purchase the securities and obligations of, or make
16 loans to, States, municipalities, local public bodies, and non-
17 profit organizations which otherwise would be unable to
18 meet their share of the cost of projects and programs for
19 which grants have been authorized pursuant to sections 5
20 and 6 of this Act.
21 (b) All securities and obligations purchased and all
22 loans made under this section shall be of such sound value
23 or so secured as reasonably to assure retirement or repay-
24 ment, and such loans may be made either directly or in

1 cooperation with banks or other financial institutions through
2 agreements to participate or by the purchase of participa-
3 tions or otherwise.

4 (c) No securities or obligations shall be purchased and
5 no loans shall be made including renewals or extensions
6 thereof which have maturity dates in excess of forty years.

7 (d) Financial assistance extended under this section
8 shall bear interest at a rate determined by the Administrator
9 which shall be not more than the higher of (A) 3 per centum
10 per annum, or (B) the total of one-half of 1 per centum per
11 annum added to the rate of interest required to be paid on
12 funds obtained for the purposes of this section as determined
13 by the Secretary of the Treasury as provided under subsec-
14 tion (e) of this section.

15 (e) The Administrator may use for loans authorized
16 under this section funds made available pursuant to section 9
17 of this Act, in amounts prescribed from time to time by the
18 President: *Provided,* That the aggregate of all funds pre-
19 scribed by the President for the purposes of this section shall
20 not exceed the applicable limitation in section 9 (b) : *And*
21 *provided further,* That funds obtained by the Administrator
22 for the purposes of this section shall bear interest at a rate
23 determined by the Secretary of the Treasury which shall be
24 not more than the higher of (1) $2\frac{1}{2}$ per centum per annum,
25 or (2) the average annual interest rate on all interest-bearing

1 obligations of the United States then forming a part of the
2 public debt as computed at the end of the preceding fiscal
3 year and adjusted to the nearest one-eighth of 1 per centum.

4 RESTRICTIONS AND LIMITATIONS

5 SEC. 8. The authority conferred by this Act shall be sub-
6 ject to the following restrictions and limitations:

7 (a) No financial assistance shall be made with respect to
8 any project or program unless the project or segment of work,
9 to be assisted under this Act—

10 (1) can be initiated or accelerated within a reason-
11 ably short period of time;

12 (2) will meet an essential public need;

13 (3) if initiated hereunder, can be completed within
14 twelve months after initiation;

15 (4) will contribute significantly to the reduction of
16 unemployment; and

17 (5) is not inconsistent with locally approved com-
18 prehensive plans for the jurisdictions affected, wherever
19 such plans exist.

20 (b) Not more than 12½ per centum of the funds pro-
21 vided for in the form of grants pursuant to sections 5 and 6
22 of this Act shall be made available within any one State.

23 (c) Each department or agency administering financial
24 assistance authorized by this Act shall adopt such rules, regu-
25 lations, and procedures as will assure that no such assistance

1 shall be made available to any State, municipality, local pub-
2 lic body, or nonprofit organization unless such project or
3 program for which the assistance is granted produces a net
4 increase in the expenditures of the State, municipality, local
5 public body, or nonprofit organization for public works proj-
6 ects approximately equal to the non-Federal contribution to
7 the project or program.

8 APPROPRIATIONS AND INTERIM FINANCING

9 SEC. 9. (a) There are hereby authorized to be appro-
10 priated such sums as may be necessary to carry out the pro-
11 visions of this Act.

12 (b) In order to expedite financing activities under this
13 Act, the President may, during the existence of any public
14 works acceleration period, cause the unobligated balances of
15 appropriations, contract authroizations, revolving funds, and
16 other authorizations to expend from public or corporate debt
17 receipts available to the departments and agencies of the
18 executive branch to be transferred to the appropriate ac-
19 counts of such other departments and agencies in such
20 amounts and at such times as he may deem appropriate and,
21 notwithstanding the provisions of any other law, such trans-
22 ferred balances may be used for the purposes of this Act:
23 *Provided,* That there are hereby authorized to be appropri-
24 ated such amounts as may be required to restore such trans-
25 ferred balances not otherwise restored to the sources of funds

1 from which they were derived: *And provided further,* That
2 the aggregate amount of such unobligated balances trans-
3 ferred during any capital improvement period shall not ex-
4 ceed (i) $750,000,000 for the purpose of financing projects
5 authorized to be assisted under section 4 of this Act, (ii)
6 $750,000,000 for the purpose of financing projects author-
7 ized to be assisted under sections 5 and 6 of this Act, as
8 allocated between said sections by the President, (iii)
9 $250,000,000 for the purpose of financing projects author-
10 ized to be assisted under section 7 of this Act, and (iv)
11 $250,000,000 to supplement funds available for sections 4,
12 5, 6, and 7 of this Act, as allocated among said sections by
13 the President.

14 ADVANCES FOR PUBLIC WORKS PLANNING

15 SEC. 10. Section 702 of the Housing Act of 1954 is
16 amended by striking out in subsection (e) "July 1, 1961;"
17 and the remainder of the subsection, and inserting in lieu
18 thereof, "July 1, 1961; and such additional sums which may
19 be made available from year to year thereafter."

20 LABOR STANDARDS

21 SEC. 11. All laborers and mechanics employed by con-
22 tractors or subcontractors on projects and programs assisted
23 under section 6 of this Act shall be paid wages at rates not
24 less than those prevailing on similar construction in the
25 locality as determined by the Secretary of Labor in accord-

1 ance with the Davis-Bacon Act, as amended (40 U.S.C.
2 276a—276a–5), and every such employee shall receive com-
3 pensation at a rate not less than one and one-half times his
4 basic rate of pay for all hours worked in any workweek in
5 excess of eight hours in any workday or forty hours in the
6 workweek, as the case may be. No such project or program
7 shall be approved without first obtaining adequate assurance
8 that these labor standards will be maintained upon the con-
9 struction work. The Secretary of Labor shall have, with
10 respect to the labor standards specified in this provision, the
11 authority and functions set forth in Reorganization Plan
12 Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5
13 U.S.C. 133z–15), and section 3 of the Act of June 13,
14 1934, as amended (48 Stat. 948, as amended; 40 U.S.C.
15 276c).

16 DELEGATION OF POWERS

17 SEC. 12. The President may exercise any functions con-
18 ferred upon him by this Act through such agency or officer
19 of the United States Government as he shall specify. The
20 head of any such agency or such officer may from time to
21 time promulgate such rules and regulations as may be neces-
22 sary to carry out such functions, and may delegate authority
23 to perform any such functions, including, if he shall so
24 specify, the authority successively to redelegate any of such

1 functions. Nothing contained in this section shall authorize
2 the President to delegate the power to proclaim or termi-
3 nate a public works acceleration period.

4 DEFINITIONS

5 SEC. 13. As used in this Act—

6 (a) The term "State" means the several States, the
7 District of Columbia, the Commonwealth of Puerto Rico,
8 and the territories and possessions of the United States.

9 (b) The term "local public body" includes public
10 corporate bodies or political subdivisions; public agencies or
11 instrumentalities of one or more States, municipalities, or
12 political subdivisions of States; Indian tribes, and boards or
13 commissions established under the laws of any State to
14 finance specific public works projects.

15 (c) The term "public works" includes the construction,
16 repair, and improvement of: public streets, sidewalks, high-
17 ways, parkways, bridges, parking lots, airports, and other
18 public transportation facilities; public parks and other public
19 recreational facilities; public hospitals, rehabilitation and
20 health centers and other public health facilities; public refuse
21 and garbage disposal facilities, water, sewage, sanitary facili-
22 ties, and other public utility facilities; civil defense facilities;
23 public police and fire protection facilities; public educational
24 facilities, libraries, museums, offices, laboratories, employee

1 housing, and other public buildings; and public land, water,
2 timber, fish and wildlife, and other conservation facilities and
3 measures.

4 (d) The term "project" includes a separable, usable
5 feature of a larger project or development.

6 (e) The term "segment of work" means a part of a
7 program on which the work performed can be separately
8 identified by location and will provide usable benefits or
9 services.

87TH CONGRESS
2D SESSION

S. 2965

A BILL

To provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

By Mr. CLARK, Mr. MCCARTHY, Mr. PELL, and Mr. RANDOLPH

MARCH 8, 1962

Read twice and referred to the Committee on Public Works

REDUCTION OF DEFENSE SPENDING BY STREAMLINING PROCUREMENT

Mr. PROXMIRE. Madam President, last October 17, after Congress had adjourned, I had printed in the RECORD a copy of an article published in the Wall Street Journal which discussed the efforts of the Defense Department to reduce defense spending. It was a constructive and stimulating article, purporting to show the job Secretary McNamara is trying to do to reduce expenses in the one department which must reduce expenses if we are to have more economy in Government. The Department of Defense is an exceedingly important part of our total budgetary picture.

At that time I wrote a letter to the Honorable Thomas D. Morris, who is Assistant Secretary of Defense for Installations and Logistics, asking a series of questions about the article which appeared in the Wall Street Journal, and requesting information as to precisely how the Department was going about the cost-cutting procedure, how it was increasing competitive bidding, how it was reducing the cost-plus-fixed-fee contract, how it was saving, as the article claimed, $50 million in buying spare parts for airplanes.

I received a very interesting and responsive letter from the Secretary of Defense, unfortunately too late to include in the RECORD at that time, but because of the great amount of interest that has been stimulated lately in the new supply agency, I ask unanimous consent that the letter from the Assistant Secretary of Defense be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., October 30, 1961.

Hon. WILLIAM PROXMIRE,
U.S. Senate.

DEAR SENATOR PROXMIRE: The following information is submitted in further response to your October 9 letter on the subject of our efforts to cut costs in Defense procurement.

Question 1: "Specifically what steps are being taken to 'expand competition among suppliers of military hardware?' Mr. Kraar suggests that the saving in the current fiscal year resulting from this more vigorous competition 'may reach $100 million.' Is this figure correct? Have you looked into the possibility of renegotiating existing contracts to inject a similar money-saving element of competition?

The following specific steps have been and are being taken:

1. Revised statistical reporting requirements have been established to give summary figures monthly on trends of sole source procurements to include how many are being made, what classes of products are being bought and what procuring agencies are doing the buying. This will give us the basic data necessary to find out why these noncompetitive procurements are being made and what can be done to introduce competition at the present time or in future procurements.

2. We have introduced more stringent and higher level review and approvals on noncompetitive procurement plans as well as proposed contracts. These reviews require specific advance planning to avoid such noncompetitive procurement in the future.

3. We are reemphasizing the need for strict compliance with contractual provisions requiring early delivery of complete and accurate technical data packages.

4. We are requiring that detailed planning be instituted in the early development stage of all new items to provide for competition at the earliest practical stage of production.

5. We are stressing limitation of essential initial sole source production contract quantities to the minimum consistent with military necessity in order to acquire production data needed to compete for subsequent procurements.

Our estimate of potential savings is based on savings we have achieved on items subjected to competition after having procured them noncompetitively. We are estimating savings we can achieve on new procurements only since we have concluded that reopening of existing contracts would cost more than we could gain in the process.

Question 2: "What exactly are the plans to revise buying regulations to provide stronger incentives for cutting costs? The Journal article suggests that you may use the 'powerful incentive of the profit motive' to achieve this. Is this correct, and if so, how would this be accomplished?"

Mr. Kraar's article is correct when he states that we are introducing programs to provide stronger incentives for cutting costs. Secretary McNamara has stated that we must try to improve the efficiency and economy of our contractors by conducting our procurement programs so as to reward efficiency and penalize waste; by a greater utilization of the profit motive; by allowing appropriate profit ratios for truly effective and efficient performance by contractors; and by imposing greater pricing risks upon contractors.

To accomplish this, we are revising the Armed Services Procurement Regulation section dealing with types of contracts. Our objective is to provide more specifically for identification of risks and to stress the need for more risk taking by our contractors. Obviously this means that their rewards will be larger if their performance is good. Correspondingly they will be penalized for bad performance. We propose to expand the use of firm-fixed-price and fixed-price-incentive contracts. Additionally, we propose a far greater usage in weapons development contracts of performance incentives, whereby contractors get greater rewards for exceeding specified performance targets or penalties for not meeting such targets.

It should be noted that wherever we provide an opportunity for increased earnings there will be an offsetting risk of greatly reduced earnings or losses.

Since the cost-plus-fixed-fee contract offers the least incentive, we are limiting the normal use of these contracts to research and to cases where no other type contract will suitably serve. This, in itself, will constitute a very significant trend reversal.

Question 3: The article states that cost-plus contracts may be deemphasized. Specifically, what steps are being taken to accomplish this? What share of Defense procurement is now cost-plus? How much do you think this share can be reduced?

The steps taken to deemphasize cost-plus contracts were discussed above. During fiscal year 1961 36.6 percent of the Defense procurement funds were obligated by use of cost-plus-fixed-fee contracts and only 3.2 percent were by use of cost-plus-incentive-fee contracts. We cannot accurately estimate at this time the extent of the reduction we can achieve in cost-plus-fixed-fee type contracting but we expect a major change in these percentages.

Question 4: The article also quotes you as saying that savings of $50 million per year can be achieved in the purchase of airplane spare parts, and that the percentage of such parts bought competitively can be increased from 15 to 30 percent. What specific steps are being taken to achieve this revision? Are similar changes being adopted for all spare parts procurement?

Many of the steps mentioned previously in answer to question 1 are being applied to the procurement of aeronautical spare parts. In addition, we have just completed a specific study of the policies, methods, and procedures employed by the military services to reprocure aeronautical spare parts.

At present we purchase about $1.2 billion worth of aeronautical spare parts each year, involving approximately 300,000 different line items. The study disclosed that about 7,500 items account for 70 to 75 percent of all procurement dollars spent for replenishment spares. Within the next 2 weeks we intend to have the military departments begin to concentrate their efforts in the spares area on identification and detailed screening of these items. The procedure, established as a result of the study, will require:

(i) Assembly of available data to include basic supply and procurement information as well as technical data.

(ii) Initial data evaluation, concerned with both the Government's and the contractor's rights in data as revealed by the present package and with the adequacy of the available data package to produce a reliable item. This initial evaluation is designed, first, to identify those items for which successful competitive breakout can reasonably be expected, and, second, to permit maximum concurrency in subsequent processing.

(iii) Data completion, involving full contractual or legal determination of rights in data and engineering work to obtain or develop missing data elements.

(iv) Technical evaluation, to determine the developmental status and design stability of the item.

(v) Economic evaluation, to identify and estimate direct cost offsets to competitive procurement in four areas:

(a) requirements for qualification or other approval testing,

(b) requirements for quality control and inspection,

(c) requirements for tooling or other special production equipment,

(d) costs involved in purchase of rights in data or in licensing agreements.

Economic evaluations will also measure total cost offsets against anticipated savings from competitive procurement, and will determine whether competition appears justified.

(vi) Supply feedback, if the item is coded competitive, to insure that generation of a purchase request will allow enough time for competitive procurement.

We hope to have this effort in full operation for aeronautical spare parts by January 1, and will apply it to all other areas of our spares and end item procurements where it appears economically attractive. By concentrating our efforts on those items purchased in large dollar volume we think we will be able to achieve the maximum return for the resources we apply to the program.

Question 5: I would also like to have more information on the proposed sliding scale of award fees tied to total performance described in the final paragraph of the article.

In our answer to questions Nos. 2 and 3 we explained the revised emphasis toward assumption of pricing risks by contractors, and the incentives and methods being developed to effectuate this emphasis. The cost-plus-award-fee technique is being studied as an additional method for accomplishing this end.

While this technique seems to offer promise, we have much more work to do before we will be in a position to use it. Con-

sequently, it should be considered as still in the idea stage.

I proposed the idea of the cost-plus-award-fee technique on June 15, 1961, at a Joint Industry-Defense Department Symposium of the National Security Industrial Association. The following paragraphs from my proposal will further explain some of our thinking in this area:

"The last point I will cover concerns our desire to find still other techniques of incentive contracting, especially suited for development and early production contracts. I emphasize that this is an approach we are exploring from an experimental point of view and that much remains to be done before we can adopt a specific contract technique. We would like, however, to illustrate one approach to you today and solicit your reactions and suggestions as to how we might further develop the idea.

"In brief, the idea is to use a 'cost-plus-award-fee' contract in cost reimbursement situations. After agreement between the parties as to the target costs and definition of the areas of risk, the range of fees would be established. This could range from, say, minus 5 percent to plus 15 percent of the then-estimated cost, with the exact amount to be determined after contract completion—but, not according to a preset formula. The award fee might be determined by a board of qualified 'judges' made up of carefully selected professional people who would be appointed by the Secretary concerned. The Board members would keep themselves informed on the progress of the contract during its entire life.

"After completion of the contract, this Board would determine the amount of fee to be allowed, based on the total overall performance of the contractor, as well as the quality and reliability of the product against our operational requirements. This would entail an assessment of the contractor's general performance; efficiency; economy; ingenuity displayed in meeting contract requirements; changes in contractual requirements; assumption of technical, production and financial risks; breakthroughs achieved; the amount of Government assistance required, etc. These assessments would be made on the basis of demonstrated results, not merely by the application of predetermined mathematical formulas.

"This, in brief, is one idea we are considering to develop a broader spectrum of incentives.

Obviously we would have to develop contractual clauses and secure acceptance for the procedures we would utilize. Detailed contract administration systems would have to be established so that the Board members could keep themselves fully informed (1) on the progress of the contract; (2) on the positive measures the contractor is taking to reduce his costs and meet contract requirements; and (3) on those areas in which the contractor fails to employ acceptable management controls.

"We have had some initial favorable reactions to this technique from industrial executives. We feel this would offer a challenge to industry leaders to demonstrate the abilities of their companies to do a quality job—and to demonstrate this ability in such a manner that a Board, not involved in the contract, is convinced that a quality job was done. It would, of course, place a heavy responsibility on the Board members to render equitable decisions. I feel we could select men who would accept this responsibility and deliver the fairness and objectivity demanded.

"In pursuing the various observations cited above, we will have to have an understanding with the Renegotiation Board with respect to the treatment of profits earned under incentive contracts."

We realize that we will be unable to adopt the above technique until we are in a position to make very thorough, objective, and authoritative evaluations of contractors' performance in the scientific, technical, and business phases of their operations. At the moment we are concentrating our efforts on trying to establish effective systems and standards to accomplish these evaluations in development contract situations where we are so early in a new program that it has been impossible to set specific performance goals in the contract.

I hope you will find that the above comments provide you the information you need. Mr. Bannerman will be able to supplement these answers if you wish fuller explanation in any of the areas covered.

It is a pleasure to provide you with this information, and we are very appreciative of your continued interest in our procurement program.

Sincerely yours,

THOMAS D. MORRIS,
Assistant Secretary of Defense, Installations and Logistics.

Mr. CLARK. Madam President, will the Senator yield?

Mr. PROXMIRE. I ask unanimous consent that I may yield to the Senator from Pennsylvania without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

ACCELERATION OF PUBLIC WORKS PROGRAMS

Mr. CLARK. Madam President, I send to the desk a bill to provide standby authority to accelerate the public works programs of the Federal Government and State and local public bodies. I ask unanimous consent that the bill may be referred to the Committee on Public Works, and that the text of the bill be printed at this point in my remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies, introduced by Mr. CLARK, was received, read twice by its title, referred to the Committee on Public Works, and ordered to be printed in the RECORD, as follows:

FINDINGS AND PURPOSE

SEC. 2. The continuing policy and responsibility of the Federal Government is to use all practicable means, consistent with other essential considerations of national policy, to promote maximum employment, production, and purchasing power. The Congress finds that there have been periodic intervals when severe unemployment and loss of production and purchasing power have occurred and that repetition of these periods of severe unemployment and loss of production and purchasing power can be avoided, or their impact lessened, by prompt remedial action by the Federal Government as authorized in this Act. The Congress also finds that virtually every community in the Nation has a backlog of needed public works projects, and that an acceleration of these projects, during such intervals will not only increase employment and expenditures at a time when such action is most urgently required, but will also meet long-standing public needs, improve community services, and enhance the health and welfare of the citizens of the Nation.

It is the purpose of this Act to provide standby authority which will enable the President to take quick and effective action to stimulate the economy by inaugurating a program of needed public works when unemployment indicators and other economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives stated above, and to provide the President in such periods with authority (1) to immediately increase expenditures for direct Federal programs of public works previously authorized by law, and (2) to furnish an incentive to State and local governmental bodies to accelerate their public works programs through the initiation of projects which can be begun promptly and completed over a reasonably short period of time. It is the further intent and purpose of the Congress that departments and agencies of the Federal Government shall make advance plans for public works projects that will enable them to act promptly when the President initiates the program authorized by this Act, and that the Federal Government shall assist and encourage the States and local governmental bodies, under the provisions of existing law, to make advance plans for public work projects.

PUBLIC WORKS ACCELERATION PERIODS

SEC. 3. (a) The President is authorized to proclaim public works acceleration periods and exercise during such periods the powers conferred upon him by this Act. A public works acceleration period may be proclaimed:

(1) within 60 days after the date when data compiled and published by the Department of Labor reveal that the national unemployment rate adjusted for seasonal variations and stated to the nearest 1/10 of a percent of the civilian labor force, (i) has risen in three of the four, or in four of the six, most recent consecutive months for which such data are available, and (ii) has risen by not less than 1.0 percentage point measured from the month immediately preceding such four or six month period to the last month of the period, and

(2) after the President has determined that existing employment and unemployment indicators and other available economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives of this Act.

A public works acceleration period shall begin on the day specified in the President's proclamation hereunder and shall terminate whenever the President finds and declares that the need for the programs authorized by this Act no longer exists. Any public works acceleration period proclaimed by the President shall automatically terminate 12 months after initiated unless extended by joint resolution of the Congress. No funds provided under section 9(b) shall be obligated after termination of such public works acceleration period.

(b) No new public works acceleration period shall be proclaimed within the six-month period immediately following the date of termination of a prior public works acceleration period.

ACCELERATION OF FEDERAL PROJECTS

SEC. 4. In addition to the authority otherwise available to him, the President, during the existence of a public works acceleration period, may for the purpose of this Act, direct the departments and agencies of the Executive Branch, under such rules and regulations as he may prescribe, to accelerate existing Federal public works projects and programs or to initiate new projects and programs already authorized by law. Any such department or agency may use for such projects and programs funds made available pursuant to section 9 of this Act, in amounts prescribed from time to time by the President: *Provided*, That the aggregate of all funds prescribed by the President for

the purposes of this section shall not exceed the applicable limitation in section 9(b).

ACCELERATION OF EXISTING FEDERAL GRANT PROGRAMS

SEC. 5. During the existence of a public works acceleration period, the President may direct the departments and agencies of the Executive Branch to make grants, upon application and under such rules and regulations as they may prescribe, to States, municipalities, local public bodies, and nonprofit organizations, to finance the initiation or acceleration of public works projects and programs for which Federal grants to such bodies and organizations are authorized by the Congress and under the terms and conditions prescribed by the Congress: *Provided,* That no grant under this section shall be subject to any limitation in other laws with respect to the apportionment of funds, the time in which grants may be made, or the aggregate dollar amounts of grants for any prescribed purpose, project, or program: *And provided further,* That notwithstanding any limitation in other laws requiring a grant to be less than 50 percent of the cost of undertaking or completing a project or program, grants may be made under the authority of this section which bring the total of Federal grants available for such projects or programs up to 50 percent of the cost of undertaking or completing such project or program. Any department or agency may use for projects and programs authorized under this section funds made available pursuant to section 9 of this Act, in amounts prescribed from time to time by the President: *Provided,* That the aggregate of all funds prescribed by the President for the purpose of this section shall not exceed the applicable limitation in section 9(b).

GRANTS FOR PUBLIC WORKS PROJECTS NOT ELIGIBLE UNDER EXISTING PROGRAMS

SEC. 6. (a) During the existence of a public works acceleration period, the Housing and Home Finance Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to make grants to States, municipalities, and local public bodies to finance the initiation or acceleration of public works projects and programs which are not eligible for grants under other Acts of Congress.

(b) The Administrator may use for grants authorized under this section funds made available pursuant to section 9 of this Act, in amounts prescribed from time to time by the President: *Provided,* That the aggregate of all funds prescribed by the President for the purposes of this section shall not exceed the applicable limitation in section 9(b).

(c) The amount of any grant made under the authority of this section shall not exceed 50 percent of the cost of undertaking and completing the project or program for which the grant is made.

FEDERAL LOANS

SEC. 7. (a) During the existence of a public works acceleration period, the Housing and Home Finance Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to purchase the securities and obligations of, or make loans to, States, municipalities, local public bodies, and nonprofit organizations which otherwise would be unable to meet their share of the cost of projects and programs for which grants have been authorized pursuant to sections 5 and 6 of this Act.

(b) All securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other financial institutions through agreements to participate or by the purchase of participations or otherwise.

(c) No securities or obligations shall be purchased and no loans shall be made including renewals or extensions thereof which have maturity dates in excess of forty years.

(d) Financial assistance extended under this section shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (A) 3 per centum per annum, or (B) the total of one-half of 1 per centum per annum added to the rate of interest required to be paid on funds obtained for the purposes of this section as determined by the Secretary of the Treasury as provided under subsection (e) of this section.

(e) The Administrator may use for loans authorized under this section funds made available pursuant to section 9 of this Act, in amounts prescribed from time to time by the President: *Provided,* That the aggregate of all funds prescribed by the President for the purposes of this section shall not exceed the applicable limitation in section 9(b): *And provided further,* That funds obtained by the Administrator for the purposes of this section shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the preceding fiscal year and adjusted to the nearest one-eighth of 1 per centum.

RESTRICTIONS AND LIMITATIONS

SEC. 8. The authority conferred by this Act shall be subject to the following restrictions and limitations—

(a) No financial assistance shall be made with respect to any project or program unless the project or segment of work, to be assisted under this Act—

(1) can be initiated or accelerated within a reasonably short period of time;

(2) will meet an essential public need;

(3) if initiated hereunder, can be completed within 12 months after initiation;

(4) will contribute significantly to the reduction of unemployment; and

(5) is not inconsistent with locally approved comprehensive plans for the jurisdictions affected, wherever such plans exist.

(b) Not more than 12½ per centum of the funds provided for in the form of grants pursuant to sections 5 and 6 of this Act shall be made available within any one State.

(c) Each Department or agency administering financial assistance authorized by this Act shall adopt such rules, regulations and procedures as will assure that no such assistance shall be made available to any State, municipality, local public body or nonprofit organization unless such project or program for which the assistance is granted produces a net increase in the expenditures of the State, municipality, local public body or nonprofit organization for public works projects approximately equal to the non-Federal contribution to the project or program.

APPROPRIATIONS AND FINANCING

SEC. 9. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

(b) In order to expedite financing activities under this Act, the President may, during the existence of any public works acceleration period, cause the unobligated balances of appropriations, contract authorizations, revolving funds and other authorizations to expend from public or corporate debt receipts available to the departments and agencies of the Executive Branch to be transferred to the appropriate accounts of such other departments and agencies in such amounts and at such times as he may deem appropriate and, notwithstanding the provisions of any other law, such transferred balances may be used for the purposes of this Act: *Provided,* That there are hereby authorized to be appropriated such amounts as may be required to restore such transferred balances not otherwise restored to the sources of funds from which they were derived: *And provided further,* That the aggregate amount of such unobligated balances transferred during any capital improvement period shall not exceed (i) $750 million for the purpose of financing projects authorized to be assisted under section 4 of this Act, (ii) $750 million for the purpose of financing projects authorized to be assisted under sections 5 and 6 of this Act, as allocated between said sections by the President, (iii) $250 million for the purpose of financing projects authorized to be assisted under section 7 of this Act, and (iv) $250 million to supplement funds available for sections 4, 5, 6, and 7 of this Act, as allocated among said sections by the President.

ADVANCES FOR PUBLIC WORKS PLANNING

SEC. 10. Section 702 of the Housing Act of 1954 is amended by striking out in subsection (e) "July 1, 1961;" and the remainder of the subsection, and inserting in lieu thereof, "July 1, 1961; and such additional sums which may be made available from year to year thereafter."

LABOR STANDARDS

SEC. 11. All laborers and mechanics employed by contractors or subcontractors on projects and programs assisted under section 6 of this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. No such project or program shall be approved without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176, 64 Stat. 1267, 5 U.S.C. 133z–15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276c).

DELEGATION OF POWERS

SEC. 12. The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall specify. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions. Nothing contained in this section shall authorize the President to delegate the power to proclaim or terminate a public works acceleration period.

DEFINITIONS

SEC. 13. As used in this Act—

(a) The term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(b) The term "local public body" includes public corporate bodies or political subdivisions; public agencies or instrumentalities

of one or more States, municipalities or political subdivisions of States; Indian tribes, and boards or commissions established under the laws of any State to finance specific public works projects.

(c) The term "public works" includes the construction, repair, and improvement of: public streets, sidewalks, highways, parkways, bridges, parking lots, airports, and other public transportation facilities; public parks and other public recreational facilities; public hospitals, rehabilitation and health centers and other public health facilities; public refuse and garbage disposal facilities, water, sewage, sanitary facilities, and other public utility facilities; civil defense facilities; public police and fire protection facilities; public educational facilities, libraries, museums, offices, laboratories, employee housing, and other public buildings; and public land, water, timber, fish and wildlife and other conservation facilities and measures.

(d) The term "project" includes a separable, usable feature of a larger project or development.

(e) The term "segment of work" means a part of a program on which the work performed can be separately identified by location and will provide usable benefits or services.

Mr. CLARK. Madam President, on February 19, 1962, President Kennedy sent to Congress a message in support of his standby Capital Improvements Act. The message was referred to the Banking and Currency Committee at that time. The accompanying bill, however, has not yet been introduced because some question was raised as to committee jurisdiction. That question has now been resolved to the satisfaction of all concerned. With the assistance of the able majority leader, the Senator from Montana [Mr. MANSFIELD], the title of the bill has been rewritten and minor changes have been made in the nomenclature; and I think it is now clear that the bill was appropriately referred and should have been sent to the Committee on Public Works.

Mr. MANSFIELD. Madam President, will the Senator yield?

Mr. CLARK. I am happy to yield to the Senator from Montana.

Mr. MANSFIELD. Madam President, I commend most highly the action just taken by the distinguished senior Senator from Pennsylvania. I commend him for introducing the bill, which is in accord with the President's message. I call to his attention the fact that on a number of occasions—I believe about three times—the President has referred to a proposal of this nature as "the Clark measure," "the Clark proposal," and "the Clark bill." I am happy that the differences between the various committees, as to which should have jurisdiction, have ben ameliorated to the extent that the Committee on Public Works has had the measure unanimously referred to it.

However, I hope that the distinguished Senator from Pennsylvania, as chairman of the Subcommittee on Employment and Manpower of the Committee on Labor and Public Welfare, in view of his unyielding interest in this particular proposal down through the years, will see fit, if he thinks it advisable, to carry on into the future his activities in this respect, to the end that it may be possible to find out what the bill would mean in terms of employment if it were passed.

A wide field is involved. It is important. I am happy that the differences have been adjusted. I commend most highly the attitude, understanding, and cooperation of my distinguished colleague from Pennsylvania.

Mr. CLARK. I thank the Senator from Montana very much, indeed, for his kind words. I shall be happy to follow his advice and accede to his request to pursue the general subject matter of the bill further in the Subcommittee on Employment and Manpower, of the Committee on Labor and Public Welfare, over which I have the honor to preside.

The bill, with several significant changes, follows the concept of the Emergency Employment Act of 1961, which I introduced in the first session of the present Congress. That bill was referred to the Subcommittee on Employment and Manpower in the Labor Committee and extensive hearings were held on it last year. Those hearings demonstrated, at least to my satisfaction, the very great need for a program of State and local public works, aided by a Federal matching grant, to enable local and State governments to increase employment within their areas by putting under contract needed public works, plans for which have been approved by their governing bodies, which should be completed within a period of 18 months. It was felt then—and I feel now—that such a program would vastly decrease unemployment, which is particularly high, persistent, and chronic, in my Commonwealth and in a number of other States.

For good and sufficient reasons the committee felt that the bill should be rewritten so as to make it a standby bill instead of a bill which would become effective as soon as it was enacted into law. The standby provision which was treated fully in the President's message, to which I have earlier referred, would come into effect if, but only if, unemployment increased significantly over a measurable period of time in the future.

Accordingly, the appropriations which would be authorized under the bill would not come into existence unless and until such a condition should occur, and we were in fact in the throes of another recession. The administration bill differs from my earlier bill in that the matching grant provision is 50 percent instead of 45 percent, as we originally had provided, and, more significantly, in that it calls for the acceleration of Federal public works as well as for the acceleration of State and local public works. The purpose of the bill is to provide standby authority which will enable the President to take quick and effective action to stimulate the economy by inaugurating a program of needed public works when unemployment indicators and other economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives stated in the Employment Act of 1946. As my colleagues know, those objectives are maximum employment, maximum purchasing power, and maximum production, all consistent with reasonable price stability.

I believe most modern economists agree that such a program of public works, if initiated and put under contract promptly, can have a major effect in minimizing the economic consequences of a recession.

For this reason I hope very much that the present bill—and I am sure my hope will prove to be justified—will receive prompt hearings before the Committee on Public Works. I hope it will be reported and passed during this session of Congress.

This is a controversial measure, because it involves the delegation of some authority to the President of the United States. My own view, however, is that in these times, and in the light of the present procedures of Congress, it is far better to delegate this authority to the President of the United States than to hope that Congress itself, operating through our sometimes delaying procedures, would be able to deal effectively with the next recession while a need for a public works program is still acute.

I am grateful indeed to the President of the United States and to the majority leader for the honor they have conferred upon me in permitting me to be the principal sponsor of the bill.

Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. Will the Chair advise me whether, in view of the fact that unanimous consent has been given to refer the bill to the Public Works Committee, it would be in order to hold up the reference for a few days in order to permit additional cosponsors to add their names to the bill?

The PRESIDING OFFICER. Unanimous consent may be asked for that purpose.

Mr. CLARK. Therefore I ask unanimous consent that the bill may lie at the desk until Tuesday of next week, in order that other Senators may have an opportunity to cosponsor this administration bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Madam President, will the Senator yield?

Mr. CLARK. I am glad to yield to the Senator from Minnesota, who has been so helpful in this whole area over so many years.

Mr. HUMPHREY. I wish to commend the Senator from Pennsylvania for his perserverance and for encouraging the administration to take action on the legislation which he is now proposing; namely, standby authority in the field of public works.

Our people are entitled to receive the tools and means they need to strengthen the economy when strengthening is needed.

I sat with the Senator from Pennsylvania in a conference at the White House a year ago when the Senator was asking for this very type of legislative proposal, urging that the administration give it open support. I am confident that one of the reasons why the President has made this recommendation—a recommendation to which I fully sub-

scribe—is found in the work the Senator from Pennsylvania has done in this field.

I want the Senator to know that I would be honored to be permitted to join as one of the cosponsors. My colleague from Minnesota and I have introduced a bill of a somewhat similar nature, because of the serious problems which affect some of the people in our State, as well as in other States. I for one feel that we should join together behind the Clark bill and give it every possible support we can, to see that the bill is promptly reported to the Senate. This is good, constructive legislation. I thank the Senator from Pennsylvania.

Mr. CLARK. I thank my friend, the Senator from Minnesota, for his kind words. He was a worker in this particular vineyard long before I joined the labor force of this particular employer. I am grateful for his support and cosponsorship of the measure.

Mr. PROXMIRE. Madam President, I ask unanimous consent that I may yield to the Senator from Minnesota without my losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

THREAT TO FARM INCOME

Mr. HUMPHREY. Madam President, I wish to say to the Senator from Wisconsin that I found it impossible to be on the floor during his discussion of the agricultural issue, particularly the need for maintaining and increasing agricultural income.

I was informed by the Senator that he would make his speech, and he was kind enough to discuss with me the context of his presentation.

I have been deeply concerned over what has been happening to total agricultural income over the years. I am pleased, of course, to see the rise in income during the past year because of the effective measures taken by Congress and the administration. However, I believe all of us have been deeply concerned over the consistent drop in net agricultural income since 1952. That was reversed, as I said, in 1961.

Now we have before us the problem of sustaining and increasing the income level and making sure that there is no further drop.

Yesterday, in the other body, a vote was taken in the Committee on Agriculture of the House. That vote revealed that the entire Republican membership of the House Committee on Agriculture voted against the resolution which would have sustained—I repeat, which would have only sustained—dairy prices and dairy income for the period of time that we are attempting to work out a new program in Congress which will meet the needs of our agricultural producers.

I could not help but feel that we are witnessing again the kind of economic thinking on legislative policy which has cost the American farmers and the total national economy a terrific loss.

For example, the estimated total loss in gross income to the dairy farmers from April 1 to December 31, at the $3.11 per hundredweight support price for manufacturing milk, as compared to the sustaining price of $3.40 per hundredweight, which has been the level up to date, would be $225 million. On April 1, under current law, it will be necessary for the Secretary to reduce the support levels, unless legislation is passed quickly, as we have tried to do, to relieve that situation.

In the State of Minnesota, we would suffer a loss of cash income of $20 million. In the State of Wisconsin, the estimate is $30 million to $35 million. In the State of Michigan, it is $5 million to $6 million; in Iowa, about $12 million; in Vermont, $1 million to $1½ million; in North Dakota, $4 million; in Missouri, about $8 million.

That is a list of only a few States, picked at random.

As I have indicated, in the United States the estimated loss of income would be $225 million.

I wish to make it clear that the purpose of the Humphrey-Proxmire resolution—and a similar resolution in the House was voted on in the Committee on Agriculture—merely sustains the present price level on dairy products until the respective committees of Congres and the Congress itself can modify the existing law relating to dairy prices and dairy supports.

The 14 Republican members of the House Committee on Agriculture yesterday voted "No." The 13 Democratic members of that committee voted "Yes," in other words, to sustain dairy income.

Ours is quite a dairy producing State—one of the larger ones, I believe, Wisconsin, is the leading State in dairy production. I was telephoned by people back home in Minnesota to give some explanation of what had happened. I telegraphed some of our farm creameries, the cooperative creameries, and the Minnesota press, as follows:

It is regrettable that the House Agriculture Committee today defeated the House version of my resolution to sustain present dairy price supports through this year. America's dairy farmers are once again the victims of Republican votes. Every Republican member of the House Committee on Agriculture voted against the provisions of my resolution to sustain dairy income and prices at current levels. These Republican votes will cost Minnesota dairy farmers an estimated $20 million of income between April 1 and December 31 this year. This is the high cost of Republican politics.

Senator HUBERT H. HUMPHREY.

Madam President, the purpose of the resolution was as a holding action, until something could be done in the legislative process to rectify the inadequacies of existing law. We have been denied that opportunity unless there can be some expeditious action, which apparently will not be available due to the obstructionist tactics employed by those who resist price support policies.

I notice that the report of the U.S. Department of Agriculture on food and agriculture program for the sixties, relating to the importance of the dairy program, states:

Today's dairy market is in a tightening squeeze—between rising production and declining consumption. At present, the Government is bearing the brunt of that squeeze.

The law provides for mandatory support of milk prices at levels between 75 and 90 percent of parity, as the Secretary of Agriculture determines necessary in order to insure an adequate supply. Because fluid milk is highly perishable, prices are supported through the purchase of manufactured dairy products—butter, cheddar cheese and nonfat dry milk.

* * * * *

In the current supply situation, it will be necessary under the present law to reduce dairy price supports to 75 percent of parity. However, dairy program costs—approximately $440 million for the next year—would continue to be excessive. And this would reduce farm income substantially.

A satisfactory long-range dairy program must prevent this reduction in milk prices and provide for progressive improvement in dairy farm income, while reducing program costs.

There is presently no authority for such a program. In order to achieve both of these objectives, new legislation is essential to authorize a program through which supplies of milk can be kept in reasonable balance with demand. Such a program would provide the following:

I notice that in the debate in the other body yesterday Representative HARDING, of Idaho, had something to say on this subject. For example, he said, concerning the resolution which had been defeated in committee:

Mr. Speaker, it was a sad event for the American dairy farmer when the House Agriculture Committee voted today against reporting the resolution to maintain the present level of diary price supports at $3.40 per hundredweight for manufacturing milk and 60.4 cents a pound for butterfat through the end of this year.

Chairman HAROLD COOLEY and Congressman LESTER JOHNSON had introduced this resolution in the House when they learned that the Secretary of Agriculture has no choice under existing law but to lower dairy price supports to 75 percent of parity on April 1, due to the excessive stocks of dairy surpluses in Government storage.

Both President Kennedy and Agriculture Secretary Freeman had appealed to Congress to take action which would prevent this serious reduction in dairy farmers' income. It is estimated if this resolution is not enacted into law it is going to cost the dairy farmers of America $250 million in farm income between April 1 and December 1.

Madam President, I digress to say that I think a more conservative figure would be about $225 million. Representative HARDING continued:

I sincerely hope that the Senate Agriculture Committee will act on this resolution, and that it will be again brought to the House of Representatives and passed, so that our dairy farmers who are already in a desperate condition will not be subjected to a drop of 10 percent in their income starting April 1.

I might mention that this is a stopgap measure. This is just a request to attempt to maintain their income at its present level until the Congress can take action on a permanent dairy piece of legislation that is included in H.R. 10010.

Madam President, that is exactly what we have been discussing in the Senate. I understand that some difficult opposition has been encountered in the Senate Committee on Agriculture and Forestry, as well. I deeply regret this, because until a better farm program can be devised, severe economic difficulties will be experienced in Dairyland America because of the drop in prices.

Mr. PROXMIRE. Madam President, I am still hopeful—perhaps I should not

be—that the Senate committee will act favorably on the joint resolution. The fact is that the joint resolution is still pending in a subcommittee of the Agriculture Committee. A number of members of the subcommittee support it enthusiastically.

HOUSE ACTION DISAPPOINTING

The action taken in the House is certainly no help. In fact, it hurts. Nevertheless, I think there is a chance that the joint resolution can be approved. We have not given up hope. A few days still remain before April 1. We shall fight for the joint resolution.

It's important to emphasize the broader aspects of this situation, as the Senator from Minnesota has done, namely, that failure to pass the joint resolution, and the drop in price supports to 70 percent of parity, will accomplish nothing. The problem of large surpluses will still remain. The Federal Government will continue to spend $440 million to acquire dairy products. Thus there will be high costs to the taxpayer, as well as disastrously low dairy farm income.

The economic situation in Minnesota, Wisconsin, and many other States will be bad, in that every village crossroads area, in which the farmer is the primary customer, will be hit hard.

When 10 percent is taken out of the milk check, out of the gross income, the net income is reduced about one-third. That is a particularly punishing blow in view of the grim details I have just placed in the RECORD.

Madam President, I ask unanimous consent that the colloquy between the Senator from Minnesota [Mr. HUMPHREY] and myself appear in the RECORD at the end of my statement on the agricultural situation, because the remarks I have just placed in the RECORD show that the dairy farmers in Minnesota, Wisconsin, and many other States have criminally low incomes. They are trying to get along on 40, 50, or 60 cents an hour. They have substantially increased their investments in their farms and have greatly increased their productivity per acre. Yet they have experienced nothing but grief. They have worked endless hours per day and per week.

Unless the joint resolution can be acted upon, a really serious economic injustice will be done.

Mr. HUMPHREY. Madam President, as has been noted on both sides of the aisle, the dairy farmer represents one of the finest types of agriculture in the Nation. In the first place, dairy farming is sound conservation. It requires a substantial investment, which, apparently, some persons ignore when they discuss modern agricultural economics.

The dairy farmer maintains a high standard of production and quality of product. Billions of dollars have been invested in the cattle industry of the Nation, particularly in the dairy industry. Any sudden blow such as is required by existing law, unless it is modified, could wreak havoc in many areas of the United States.

It would not only affect the dairy farmer—and the Senator from Wisconsin is eminently correct when he says that this situation involves daily, weekly, and monthly cash income—but would also affect every small town, every city, and every factory in the United States. Dairy income is what we call expendable cash income. It is income which is used. It takes care of the immediate needs of the farmer and the farm family. I think the Senator from Wisconsin puts the issue very well. When we start taking out not merely 10 percent of the gross income, but 30 percent of the net income, we are striking a body blow at the economy which may very well cause serious effects immediately as well as in the future.

I thank the Senator from Wisconsin for his kindness in yielding to me.

Mr. PROXMIRE. I thank the Senator from Minnesota.

Mr. McCARTHY. Madam President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. McCARTHY. Madam President, I commend the Senator from Wisconsin for discussing this problem on the floor of the Senate today. The problem with reference to dairy farmers is even more acute than the problem with regard to wheat, corn, and feed producers, in that they operate with high fixed capital costs.

We have had some experience with the program with respect to which it was declared that if prices were lowered, production would be reduced. We were told that this would have three or four good effects. It was said that it would increase farm income and reduce the cost of the program to the taxpayers, and would have the effect of eliminating surpluses. We know this is not true with reference to feed grains, wheat, and other agricultural commodities.

Unless something is done about the price support for dairy products, the same thing will be demonstrated with reference to that segment of the agricultural economy.

The Senator from Wisconsin has pointed out quite correctly that if the price support were dropped to 75 percent, undoubtedly the volume of production would increase, as dairy farmers in desperation tried to make up—by producing more—what they would be bound to lose if the price support were dropped to that level.

There is no indication that consumption would increase. So the cost to the Government would undoubtedly increase. Furthermore, dairy product surpluses are truly manageable surpluses.

It is my hope that the Senate will take action—first in the committee, and subsequently on the floor of the Senate—to correct this situation. It is a rather interesting sort of contradiction that the very Senators who most often state on the floor of the Senate that no authority should be transferred to the administration, but that Congress itself should act on these difficult questions, now are saying that we should let the Secretary of Agriculture act on this matter. However, this is a responsibility which rests very squarely upon the Members of both Houses of Congress; and we should not try to avoid that responsibility by saying that the Secretary of Agriculture should get an opinion from the Solicitor of the Department, or by saying that the responsibility should be handled elsewhere. In short, the Members of Congress themselves should promptly deal with this matter.

Furthermore, the dairy farmers have not had a chance to respond to the proposals which have been made in the newly-proposed farm program; and, certainly, until they have had an opportunity in 1962 to make their choice in regard to the proposed new farm program, we should wait until we hear from them.

So, Madam President, in the Committee on Agriculture and Forestry, I hope to join in the position the Senator from Wisconsin takes; and I hope that we obtain favorable action from that body.

LOW SUPPORTS DO NOT DECREASE OUTPUT

Mr. PROXMIRE. I thank the Senator from Minnesota. In my view it is established as a fact that reducing price supports for dairy products does not decrease production. The Senator from Minnesota gave a very good reason why that is so: As the dairy farmer sees the price of his product decline, if he is to maintain his income he has no choice but to produce more, so that his gross income can be maintained. This is not only correct in theory. It is also a statistically established fact.

Examination of farm statistics from 1949 to the present shows the relationship between price supports and production. We find that, with only two exceptions, in the years when price supports dropped, production increased. As a matter of fact, the largest price support drop was between 1953 and 1954, when price supports decreased from $3.54 to approximately $3.15; but production that year increased 2 billion pounds.

DAIRY FARM MISERY NOT THE ANSWER

So the answer is not to have more misery on the part of the dairy farmers, in the hope they will not produce as much. There is a particular reason why they will produce more this year: They have no alternative, for they are "locked in." The feed-grain program, adopted last year, will be effective during 1962. So the dairy farmer cannot begin to grow feed grains for hogs or for the feed program, because he is locked out of that shift, because of his record as a dairy farmer. So if he is to sustain his income, he must produce more milk.

It may be said by some that some dairy farmers may be driven off their farms. However, if that happens, the dairy farmer will sell his herd and his equipment and land; and the result will be that all the productive factors will remain in production. That is why this problem cannot be solved by driving prices down.

Mr. PROUTY. I am very glad to wait.

THE UNDERGROUND GARAGE AT THE CAPITOL

Mr. LAUSCHE. Mr. President——

The PRESIDING OFFICER (Mr. PELL in the chair). The Senator from Ohio is recognized.

Mr. LAUSCHE. Mr. President, on the floor of the Senate there has been some

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

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HIGHLIGHTS: House subcommittee voted to report agriculture trade development section of farm bill. House passed Labor-HEW appropriation bill. Sen. Chavez submitted Administration proposal for immediate capital improvements program in redevelopment areas.

SENATE

1. AREA REDEVELOPMENT; CAPITAL IMPROVEMENTS. Sen. Chavez submitted a proposed amendment, received from the President, to S. 2965, the proposed Standby Capital Improvements Act of 1962, to authorize immediate initiation of a $600 million capital improvements program in redevelopment areas and in communities which have been designated for 12 months or more as areas of substantial unemployment. pp. 4675-6

   Sen. Humphrey commended the President's proposed amendment. pp. 4696-8

2. DAIRY PRICE SUPPORTS. Sen. Wiley inserted his statement urging enactment of legislation to provide for dairy price supports at between $3.11 and $3.40 per hundredweight and a newspaper editorial, "Need Action in Dairy Crisis, Not Political Maneuvers." p. 4717

3. FOREIGN TRADE. Sen. Wiley urged adoption of a foreign trade policy which would provide for "promoting export trade but, at the same time, guarding against too great harm to our domestic industries from a too-large volume of imports." pp. 4716-7

4. TRANSPORTATION. Sen. Cotton expressed "impatience with the administration's failure to send a timely message to Congress dealing with the serious problems in transportation," and inserted an editorial, "Indifference, in High Places, Toward Common Carriers." pp. 4719-20

5. FOREIGN AID. Sen. Humphrey inserted an article discussing the use of Public Law 480 counterpart funds for rehabilitation of crippled children in Brazil and urged greater use of these funds for such purposes. pp. 4722-3

6. FLOOD INSURANCE. Sen. Dodd urged that steps be taken to "reactivate the provisions of the Federal Flood Insurance Act of 1956." p. 4724

7. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the Treasury-Post Office appropriation bill will be considered Wed., Mar. 28. p. 4694

HOUSE

8. FARM PROGRAM. The "Daily Digest" states that the Subcommittee on Foreign Agriculture Operations of the Agriculture Committee "ordered reported favorably to the full committee title II (amended), the agriculture trade development section of H. R. 10010, the general farm bill." p. D213

9. APPROPRIATIONS. Passed with an amendment H. R. 10904, making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies for 1963. pp. 4728-57

Received from this Department a report on an overobligation of an allotment. p. 4774

10. FORESTRY. Received from this Department a proposed bill "to add certain land-utilization project lands to the Pike National Forest in Colorado and the Carson National Forest and the Santa Fe National Forest in New Mexico; to Agriculture Committee. p. 4774

11. PATENTS. Received from Commerce a proposed bill "To fix the fees payable to the Patent Office"; to Judiciary Committee. p. 4774

12. FOREIGN TRADE. The Agriculture Committee reported without amendment H. R. 10780 to amend section 204 of the Agricultural Act of 1956 to authorize the President to extend import-export controls to non-participants in multilateral cotton textile agreements (H. Rept. 1511). p. 4774

13. CONTRACTS. The Education and Labor Committee voted to report (but did not actually report) H. R. 10766, to amend the Davis-Bacon Act to define the term "wages" as used in the Act. p. D213

14. TERRITORIES. The Subcommittee on Territorial and Insular Affairs of the Interior and Insular Affairs Committee voted to report to the full committee with amendments H. R. 10062, to extend the application of certain laws to American Samoa including extension of the provisions of the National School Lunch Act to Samoa and authorizing the USDA to make available to the territory technical, scientific, and other agricultural program assistance on a selective and limited basis. p. D213

15. SMALL BUSINESS. Rep. Ashley discussed his bill H. R. 10683, to repeal the small business set-aside in Government construction, maintenance and repair contracts, saying, "the construction set-aside as presently operated is

proval, is wholly unconstitutional and that it should be so declared, and that this matter should be brought up in a way in keeping with the Constitution of the United States.

The VICE PRESIDENT. The Chair has two questions before it. The first relates to the language:

> If the question in debate contains several propositions, any Senator may have the same divided, except a notion to strike out and insert, which shall not be divided.

The Senator from Georgia asked if there were any precedents. Rule XVIII covers the subject adequately.

The Senator from Georgia further raises a question of the constitutionality of the matter before the Senate. Under the precedents of the Senate, whenever a question is raised by a Senator concerning the constitutionality of any matter it is the duty of the presiding officer, instead of ruling upon the question, to submit it to the Senate for its determination. Therefore, in accordance with this line of precedents and practice in the Senate, the Chair submits to the Senate the following question: "Is the point of order of the Senator from Georgia well taken?"

Mr. MANSFIELD. Mr. President, I think is is clear that the proposal of the Senator from Florida is entirely in accord with the Constitution of the United States and with the Senate rules. On the question of final adoption of Senate Joint Resolution 29, as amended by the Holland substitute, two-thirds of the Senate must vote in the affirmative if the resolution is to be agreed to. The same will be true in the House of Representatives. The joint resolution, as thus amended, will then be submitted to the several States for ratification. Therefore, all the requirements of the Constitution and of our rules will have been met.

Mr. President, I move that the question of constitutionality as raised by the distinguished Senator from Georgia be laid on the table, and I ask for the yeas and nays.

The VICE PRESIDENT. The question is on the motion, which is not debatable. Is there a sufficient second?

The yeas and nays were ordered.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Montana to lay on the table the point of order raised by the Senator from Georgia [Mr. RUSSELL].

The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Minnesota [Mr. McCARTHY], the Senator from Colorado [Mr. CARROLL], the Senator from Alaska [Mr. BARTLETT], and the Senator from Tennessee [Mr. GORE] are absent on official business.

I further announce that, if present and voting, the Senator from Minnesota [Mr. McCARTHY], the Senator from Colorado [Mr. CARROLL], and the Senator from Alaska [Mr. BARTLETT] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from Maryland [Mr. BUTLER], and the Senator from Indiana [Mr. CAPEHART] are necessarily absent.

The Senator from South Dakota [Mr. CASE] is absent because of illness.

If present and voting, the Senator from Utah [Mr. BENNETT] would vote "yea."

The result was announced—yeas 58, nays 34, as follows:

[No. 31 Leg.]

YEAS—58

Allott	Hartke	Murphy
Anderson	Hayden	Muskie
Beall	Holland	Neuberger
Bible	Humphrey	Pastore
Boggs	Jackson	Pearson
Burdick	Javits	Pell
Bush	Keating	Proxmire
Byrd, W. Va.	Kefauver	Randolph
Cannon	Kuchel	Saltonstall
Carlson	Lausche	Scott
Case, N.J.	Long, Mo.	Smathers
Church	Long, Hawaii	Smith, Mass.
Clark	Long, La.	Symington
Dirksen	Magnuson	Wiley
Dodd	Mansfield	Williams, N.J.
Douglas	McGee	Williams, Del.
Engle	McNamara	Yarborough
Fong	Metcalf	Young, Ohio
Gruening	Monroney	
Hart	Moss	

NAYS—34

Aiken	Hickenlooper	Prouty
Byrd, Va.	Hickey	Robertson
Chavez	Hill	Russell
Cooper	Hruska	Smith, Maine
Cotton	Johnston	Sparkman
Curtis	Jordan	Stennis
Dworshak	Kerr	Talmadge
Eastland	McClellan	Thurmond
Ellender	Miller	Tower
Ervin	Morse	Young, N. Dak.
Fulbright	Morton	
Goldwater	Mundt	

NOT VOTING—8

Bartlett	Capehart	Gore
Bennett	Carroll	McCarthy
Butler	Case, S. Dak.	

So Mr. MANSFIELD's motion to table Mr. RUSSELL's point of order was agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. HOLLAND] to strike out all after the resolving clause, as amended, and inserting in lieu thereof certain words.

STANDBY AUTHORITY TO ACCELERATE CERTAIN PUBLIC WORKS PROGRAM—AMENDMENT

Mr. CHAVEZ. Mr. President, at the request of the President of the United States, I submit an amendment to Senate bill 2965, to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

A few days ago, the President urged me to start hearings for the purpose of considering S. 2965. We plan on conducting hearings as soon as possible on this bill in order to give everyone an opportunity to express their views with respect to this legislation.

I ask unanimous consent to have printed in the RECORD the proposed amendment and the letter from the President with respect to this amendment.

The VICE PRESIDENT. The amendment will be received, printed, and appropriately referred; and, without objection, the letter and amendment will be printed in the RECORD.

The amendment was referred to the Committee on Public Works, as follows:

On page 3, following line 8, insert the following paragraph at the end of section 2:

"In addition, the Congress finds that (i) certain communities and areas in the Nation are presently burdened by substantial unemployment and underemployment and have failed to share fully in the economic gains of the recovery from the recession of 1960–1961 and (ii) action by the Federal Government is necessary, both to provide immediate useful work for the unemployed and underemployed in these communities and to help these communities, through improvement of their facilities, to become better places in which to live and work. It is the intent and purpose of the Congress to provide for an immediate program of assistance for capital improvements in those areas."

Add the following new section 8 and renumber succeeding sections accordingly:

"IMMEDIATE AID TO AREAS OF SUBSTANTIAL UNEMPLOYMENT

"SEC. 8 (a) In areas currently designated by the Secretary of Labor as having been areas of substantial unemployment in each of the twelve immediately preceding months, and in areas currently designated as "redevelopment areas" pursuant to the Area Redevelopment Act, projects or programs otherwise authorized to be assisted under sections 4, 5, 6, and 7 of this Act may be assisted thereunder, with funds made available under this section, without regard to the provisions in those sections and section 3 requiring the proclamation and existence of a capital improvement acceleration period and without regard to any limitation on the aggregate amount of funds which may be prescribed by the President for the purposes of any such section. For the purposes of this section there is hereby authorized to be appropriated the sum of $600,000,000 which may be allocated by the President among sections 4, 5, 6, and 7 of this Act.

"(b) The President shall prescribe rules, regulations and procedures which will assure that adequate consideration is given to the relative needs of the areas eligible for assistance. In prescribing such rules, regulations, and procedures, the President shall consider among other relevant factors: (1) the severity of the rates of unemployment in eligible areas and the duration of such unemployment, and (2) the income levels of families and the extent of underemployment in eligible areas.

"(c) If the President determines that an area suffering unusual economic distress (because of a sustained extremely severe rate of unemployment or an extremely low level of family income and severe underemployment) does not have economic and financial capacity to assume all of the additional financial obligations required, a grant otherwise authorized pursuant to this section for a project or program in such area may be made without regard to any provision of law limiting the amount of such grant to a fixed portion of the cost of the project or program."

In sections 3, 4, 5, 6, and 7 strike "9" wherever it appears and insert "10".

In line 17 on page 10 and in line 3 on page 11, insert "sections 4, 5, 6, and 7 of" prior to the word "this".

The letter presented by Mr. CHAVEZ is as follows:

THE WHITE HOUSE,
Washington, D.C., March 26, 1962.

Hon. DENNIS CHAVEZ,
Chairman, Committee of Public Works,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am transmitting herewith a draft of proposed legislation which would authorize immediate initiation of a $600 million capital improvements program in those sections of our country which have failed to share fully in the economic

gains of the recovery from the recession of 1960–61. This proposal is in the form of an amendment to the proposed Standby Capital Improvements Act of 1962, which I transmitted to the Congress on February 19 and which has since been referred to your committee as S. 2965.

The proposed Standby Capital Improvements Act, together with the recommended standby temporary tax reduction authority and the pending bill to strengthen permanently our Federal-State system of unemployment insurance, would constitute a new and powerful arsenal of weapons to combat the recessions which periodically sap the vitality of our economy. The waste and distress which characterize these periodic recessions can and must be abated. Passage of the recommended legislation will make possible timely and effective action to reduce the severity and duration of future recessions.

Our present problem is not, of course, one of nationwide recession. We have been making a strong recovery from the recession of 1960–61. Gross national product rose from $501 billion in the first quarter of last year to $542 billion in the last quarter. Industrial production has risen 12 percent over the last 12 months. Disposable personal income per capita has passed the historic $2,000 milestone. Unemployment in the last year has declined from 6.9 percent of the labor force to 5.6 percent, and the number of persons at work has increased by more than 1 million over a year ago. The recovery still has considerable distance to go before full employment is restored. But, despite the fact that our economic performance of the last 2 months has fallen below expectations, we look for a strong and continued expansion throughout the year and into 1963.

Although we do not today face a problem of general recession, the two recessions of the last 5 years—interrupted only by a short and incomplete recovery—have left in their wake serious problems of prolonged large-scale unemployment and economic distress in hundreds of communities in all sections of the country. The roster of these communities includes large cities, smaller cities, and rural areas. The causes of their troubles are manifold—exodus of industry, displacement of labor by technological change, excessive dependence on placement of labor by technological change, excessive dependence on declining industries, influx of job-seekers, changing weapons requirements in military procurement, and chronic rural poverty. Whatever the cause, the results are the same—high and persistent urban unemployment or rural underemployment. Continued economic expansion for the Nation as a whole will in time help to restore the prosperity of many of these areas. But their needs are urgent now, and further help should not be delayed until another recession threatens the whole economy.

There are 852 localities which have been designated as redevelopment areas under the Area Redevelopment Act of 1961, and a further 106 communities which have been designated for 12 months or more as areas of substantial unemployment. These 958 localities account for 38 percent of our population. In these areas, taken together, 1 out of 13 members of the labor force is unemployed, and the average unemployment rate is 33 percent higher than in the rest of the country.

Most of these areas are eligible for assistance under the Area Redevelopment Act of 1961. Although the area redevelopment program is less than a year old, assistance has already been extended to 82 communities in 26 States. As this program gathers momentum, more and more communities will be aided in their efforts to build a durable foundation for sustained local prosperity.

The area redevelopment program, however, is a continuing effort to help communities to attract new and permanent jobs to solve their long-range economic problem, it is not primarily designed to provide immediate relief of distress caused by unemployment, or to assist in the general rehabilitation and improvement of public facilities. I believe that a further Federal effort is necessary, both to provide immediate useful work for the unemployed and the underemployed, and to help these and other hard-pressed communities, through improvement of their public facilities, to become better places to live and work.

Accordingly, I urge that we initiate as soon as possible a $600 million capital improvements program in the redevelopment areas and in the communities which have been designated for 12 months or more as areas of substantial unemployment. Actual expenditures will depend upon the timing of congressional action. If legislation and the supporting appropriation are enacted promptly, expenditures under this program would be approximately $25 million in the remaining months of fiscal 1962, $350 million in fiscal 1963, and $225 million in the early months of fiscal 1964.

These funds would be allocated for Federal capital improvements projects in economically depressed areas and for grants and loans to eligible States and localities for improvement of community facilities. Federal grants to States and localities would range up to 50 percent of the cost of each project, and could be higher in certain exceptional cases. Loans would be available to assist hard-pressed communities which would otherwise be unable to meet promptly their share of project costs.

Projects under this program would be limited to those which could be initiated or accelerated within a reasonably short period of time and completed within 12 months after initiation. Other limitations of the standby bill would also apply: For example, projects could be approved only if they were capable of meeting an essential public need, if they would contribute significantly to the reduction of unemployment, and if they were not inconsistent with locally approved comprehensive development plans.

State and local capital improvements under this program would include such projects as water improvements; parks and other recreational development; sewerage systems and water pollution control; construction, rehabilitation, and modernization of public buildings, such as hospitals and civic buildings; and road, street, airfield, and port improvement. Examples of Federal projects and programs would include conservation activities to improve our public land, water, timber, fish and wildlife resources, and construction or improvement of laboratories, research and training facilities, and other public buildings.

The standby capital improvements bill, and this proposal for an immediate public facilities program, are, in my judgment, of equal importance to the economic welfare of our Nation. The former would enable us more effectively to combat the waste and hardship of future recessions; the latter would bring new public facilities, new jobs, and new hope to those communities whose economic troubles have resisted the rising tide of national economic expansion.

Sincerely,

JOHN F. KENNEDY.

THE ALEXANDER HAMILTON NATIONAL MONUMENT—AMENDMENT TO THE CONSTITUTION DEALING WITH POLL TAXES

The Senate resumed the consideration of the joint resolution (S.J. Res. 29) providing for the establishing of the former dwelling house of Alexander Hamilton as a national monument.

Mr. JAVITS. Mr. President, I offer as a substitute for the pending amendment an amendment in the nature of a substitute, which is at the desk and is identified as 3–15–62–B.

The VICE PRESIDENT. The amendment will be stated.

The Chief Clerk proceeded to state the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with, and that the text of it may be printed in the RECORD at this point.

There being no objection, the text of the amendment was ordered to be printed in the RECORD, as follows:

Strike out all after the resolving clause and insert in lieu thereof the following:

"That the Congress finds that the requirement that a poll tax or other tax be paid, or that any property qualification be met, as a prerequisite for voting or registering to vote at primaries or other elections for President, Vice President, electors for President or Vice President, or for Senator or Member of the House of Representatives, is not and shall not be deemed a qualification of voters or electors voting or registering to vote at primaries or other elections for said officers, within the meaning of the Constitution, but is and shall be deemed an interference with the manner of holding primaries and elections for said national officers, an abridgment of the rights and privileges of citizens of the United States, a tax on such rights and privileges, an obstruction of the operations of the Federal Government, and an impairment of the republican form of government.

"SEC. 2. It shall be unlawful for any State, municipality, or other governmental authority or any subdivision thereof, or for any person, whether or not acting on behalf of any State, municipality, other governmental authority or subdivision thereof, to levy, collect, or require the payment of any poll tax or other tax or to impose a property qualification as a prerequisite for registering to vote or voting in any primary or other election for President, Vice President, elector for President or Vice President, or Senator or Member of the House of Representatives, or otherwise to interfere with or prevent any person from registering to vote or voting in any such election by reason of such person's failure or refusal to pay or assume the obligation of paying any poll tax or other such tax or meeting any property qualification. Any such levy, collection or requirement, and any such tax or property qualification, shall be invalid and void insofar as it purports to disqualify any person otherwise qualified from voting at such primary or other election."

Amend the title so as to read: "Joint resolution to protect the right to vote in national elections by making unlawful the requirement that a poll tax be paid as a prerequisite to voting in such elections, and for other purposes."

Mr. JAVITS. Mr. President, the amendment is offered on behalf of myself and Senators DOUGLAS, KEATING, BUSH, HART, NEUBERGER, CASE of New Jersey, PASTORE, SCOTT, ALLOTT, MORSE, PROXMIRE, BEALL, WILLIAMS of New Jersey, and KUCHEL.

Mr. President, the amendment I would substitute for the constitutional amendment which is now before the Senate is in the form of a statute eliminating the

lion would provide an advance reserve to use for situations similar to that in the Congo.

It so happens that I was opposed to what took place in the Congo. I think military action there was ordered prematurely and before all the procedures for which the United Nations was created and which it was supposed to carry on had been exhausted. I regarded the first attack, at least, as an unnecessary act of aggression. I shall discuss that subject later.

I have nothing against the officials of the United Nations, but I am one of the old-fashioned people who believe in the Constitution. We have had people engaged in war in the Congo. Call it what you please, it has been war. People have been killed and they have been shooting at each other with all the instruments they could get.

I do not like to see men like Conor Cruise O'Brien have authority to commit this country's resources to military action if Congress is in session. I think Congress ought to pass a joint resolution on the subject. That is the heart of my substitute, and I shall discuss it at length at some later date.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield to the Senator from Alabama.

Mr. SPARKMAN. I will complete the question I started to ask the majority leader earlier. Can he give us some idea when we may expect to take up the bond issue? Does he think it will be sometime tomorrow or Thursday?

Mr. MANSFIELD. My guess is that it will be Thursday, because in the meantime there will be other business to attend to.

Mr. SPARKMAN. Will it probably be taken up tomorrow?

Mr. MANSFIELD. Probably other business will be taken up tomorrow, and if any attention is given to the U.N. bond issue tomorrow, it will be of short duration.

Mr. SPARKMAN. Will there be a morning hour tomorrow?

Mr. MANSFIELD. There will be.

GREEK INDEPENDENCE DAY

Mr. JAVITS. Mr. President, the Greek nation celebrated the 141st anniversary of its independence on Sunday, March 25. On that day tribute was deservedly paid to the brave men who wrested liberty from the Ottoman Empire in 1921 and the people of Greece have remembered again the many crises and hardships they have had to undergo in order to maintain their freedom.

This determination to be free is a heritage also of ancient Greece which in many ways has become an integral part of Western civilization. Today Greece lives for its future, not its past, and its people are industriously building a nation with strong economic roots and a stable political base. The United States has contributed in substantial measure to the economic recovery of Greece from the ravages of World War II and the bloody civil war that the Communists subsequently waged, and today Greece is a firm pillar of support for NATO. I am happy to join the Greek people in commemorating this 141st anniversary of Greek independence and to assure them of continued support for their historic efforts to strengthen the structure of their social and economic life.

SUPREME COURT DECISION ON APPORTIONMENT

Mr. KEATING. Mr. President, the Supreme Court's decision in the Tennessee apportionment case will meet with the approval of everyone who believes in giving full significance to the equal protection clause of the 14th amendment. The arbitrary setting of election districts by the State legislatures dilutes the right to vote as effectively as other more obvious examples of disenfranchisement. Such practices violate not only the U.S. Constitution, but in many cases the constitutions of the very States in which such practices are most aggravated.

This problem has been long neglected by the courts and the Congress, and for that reason many may have wrongly believed that these unfair practices would be forever condoned. The Court's landmark decision should finally dispel any such illusions.

I introduced last week a resolution authorizing the Committee on the Judiciary to make a complete study of congressional and State election districts with a particular view of determining the advisability of Federal laws to correct existing conditions. The Court's decision gives immediacy to this proposal. Congress cannot afford another failure to help implement the law of the land, such as in the case of the school desegragation decision.

We will not be doing justice to the guarantees in the Constitution of a republican form of government and of equal protection of the laws by petty calculations as to the number of Democrats and Republicans who would be affected by any adjustment of existing practices to the requirements of the Constitution. We are dealing with the rights of American citizens, not with the interests of political parties.

Moreover, I regard any generalizations as to which party would benefit from a fair apportionment as purely speculative. Recent studies show that in the last decade representation for our major cities actually has improved, while representation for our growing suburban population has rapidly deteriorated. It is evident that such studies that the suburbs of America, rather than the cities, would be the most likely beneficiaries of an apportionment overhauling. But the more important consideration is the Constitution, and every American will benefit, whether he lives in a rural, suburban, or city area, from the knowledge that at long last we are giving meaning to the Constitution's commands.

I hope that there will be early action on my resolution and that Congress will make its full contribution to efforts to achieve fair representation for all Americans.

A MISSED OPPORTUNITY IN SOUTH VIETNAM

Mr. KEATING. Mr. President, the history of our efforts to save South Vietnam will reveal some lost opportunities. One of the saddest of these lost opportunities came to my attention recently, for it was a program which, if vigorously supported a year ago, might have contributed immeasurably to the will and determination and ability of the people of South Vietnam to put up a strong defense against the guerilla invaders.

What I am referring to is this: Between 40 to 70 percent of the people of South Vietnam are afflicted with an eye disease, called trachoma. Unless treated, the disease leads to blindness, perhaps one of the most fearful afflictions that can befall a person. Yet trachoma can be treated very easily and at relatively little cost. It can be cured or arrested with drugs and vitamins.

For the last 2 years, a most successful eye clinic has been operated by the Catholic Relief Services with the services of 4 American volunteer ophthalmologists. These ophthalmologists, one of whom was Dr. Elliott B. Hague of Buffalo, reported great success in curing trachoma and treating its complications. Dr. Hague has been in touch with me about his experiences. He served as a volunteer, with his wife who is a trained nurse, for several months at the eye clinic near Saigon. His own contribution was substantial. He is determined now to do all he can to see that blind bureaucracy or perhaps prejudice in Washington does not hinder the program further.

What is needed is to put the program on a continuing basis for several years. In about 2 years, I am told, trachoma can be virtually wiped out, except for the refugees coming from Communist North Vietnam. Their condition usually reveals the hardship and deprivation characteristic of Communist countries and has served to spread trachoma in South Vietnam as well.

Mr. President, to continue my tale of the lost opportunity—this program to wipe out trachoma was discussed with ICA and formally submitted to the Peace Corps. What was the result? Nothing. Absolutely nothing. I am informed that no formal response was ever received by Dr. Hague or by the Catholic Relief Services.

Mr. President, I can only speculate on the reasons for missing out on a program that could have done so much for the South Vietnamese people. A new tendency seems to be developing in government deliberately to exclude religious agencies from any participation in foreign aid projects and even from useful and important volunteer services. The Peace Corps has publicly announced its plans not to work through any existing religiously affiliated group. It is most disturbing to think that foreign aid programs or Peace Corps projects are judged not on their own merits but merely on the issue of whether a religious or church-affiliated group may, however remotely, also be involved in the project.

This approach is unworthy of a great and free nation. To send American soldiers to fight and die in South Vietnam, yet to ignore a project which might have a tremendously beneficial impact through the critical area merely because it was first set up by missionaries is shocking. It is widely resented and it is self-defeating. I am asking both AID and the Peace Corps for a full report as to why we let another significant opportunity slip by us in South Vietnam and whether or not it was for such an ignominious and unworthy motive.

Finally, Mr. President, it is my understanding that there will be another submission of this project directly to AID representatives in Saigon and another attempt made to break through the maze of bureaucracy and perhaps prejudice that has beclouded the issue. I sincerely hope that this proposal will be given fair consideration and weighed on its own considerable merits and not on the scale of politics or prejudice.

CIVIL RIGHTS—REPORT OF THE SOUTHERN REGIONAL COUNCIL

Mr. KEATING. Mr. President, careful reading of the report of the Southern Regional Council provides little basis for satisfaction in the progress being made in the field of civil rights. It does credit the administration with a strong sense of obligation to civil rights and this has led to widespread press reports that the council has lauded the President's accomplishments. This is not a fair appraisal of the council's statement. On the contrary, it will be apparent to anyone who studies the report that there is much more criticism of unfulfilled promises and inadequate measures than there is praise of new policies and practices.

The council points out, for example, that the same administration which requires every Government contractor to practice nondiscrimination, "spends enormous sums for university centered research, without care as to whether the institutions deny admission to Negro students and scholars." It describes the Office of Education in the Department of Health, Education, and Welfare as "aloof" to the educational crisis in the Nation. It criticizes the failure of the administration to challenge the construction of segregated hospital facilities under the Hill-Burton Act. It describes the refusal of the Department of Defense to take steps to desegregate the National Guard as a "national scandal." It pointedly discredits the reasons given by the President for refusing to issue an Executive order against discrimination in Federal housing programs as he promised to do during the campaign. It notes critically that the administration has failed to support legislation to strengthen its "severely restricted" ability to assist in efforts to desegregate our schools.

It is true that the council gives the President abundant credit for some accomplishments, good intentions and noble sentiments. This is encouraging, but it is no substitute for the full scope of positive action needed to accord to all our citizens their rights under the Constitution.

The Commission on Civil Rights has outlined the Executive and legislative measures urgently needed to protect civil rights in America. The report of the Southern Regional Council in no way contradicts the Commission's recommendations, but rather underscores their validity and necessity. I would hope that the council's review of civil rights in our Nation will be an impetus for renewed action rather than an excuse for complacency on this vital subject.

RIGHT AND LEFT EXTREMISTS

Mr. HUMPHREY. Mr. President, I wish to call to the attention of my colleagues a sensible and balanced comment on certain extreme statements recently made by former Vice President Nixon in an attempt to polarize the John Birch Society on the extreme right and the Americans for Democratic Action on the extreme left.

Mr. President, I ask unanimous consent to have printed in the RECORD the editorial from the Minneapolis Star, dated March 16, 1962, entitled "Extremists, Right and Left."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EXTREMISTS, RIGHT AND LEFT

Labels are often used carelessly by both sides in the current debate over political extremism in this country.

One of the examples of such carelessness is the effort by some politicians to equate the right-wing extremism of the John Birch Society with the supposed left-wing extremism of the Americans for Democratic Action.

Former Vice President Nixon is the latest to make this comparison in a recent look at the political spectrum in this country.

Yet is this a fair comparison?

Those who read the writings of Robert Welch, the founder of the John Birch Society, quickly come to the conclusion that Welch favors a totalitarian society of the right with himself as the leader.

As Nixon pointed out, Welch's words are those of a would-be dictator, and they leave members no choice but to agree with Welch and what he stands for or to quit the society.

But what about the Americans for Democratic Action? Should it be regarded as an extremist organization that is as far from democracy on the left as the John Birch Society is on the right?

We do not think that the two organizations are comparable. The Americans for Democratic Action is itself strongly anti-Communist. It was anti-Communist when it was formed in 1948 to oppose the Progressive Party and the Progressive presidential candidate, Henry A. Wallace, and it still is anti-Communist.

Back in 1948, the Americans for Democratic Action took a strong stand in favor of two anti-Communist programs proposed by President Harry S. Truman and widely supported in the country. They were the Marshall plan and American aid to Greece. The Americans for Democratic Action since then consistently has supported American foreign aid programs and consistently has opposed communism.

It is true, of course, that the Americans for Democratic Action does include New Dealers, Fair Dealers, New Frontiersmen and assorted other liberals. It is true, too, that it backs social reforms, many of which are opposed by middle-of-the-roaders and conservatives. Thus it is easy for rightwingers who equate liberalism with socialism, and socialism with communism, to claim that the Americans for Democratic Action is as extreme in its left-wing philosophy as the John Birch Society is in its rightwing philosophy.

But there is a significant difference that is frequently overlooked: The Americans for Democratic Action is in favor of working within the present democratic system in the United States and it seeks social reform through democratic processes. The same respect for democratic process cannot be claimed for a rightwing organization headed by a man who wants to be an American dictator.

Who, then, are the leftwing extremists in the United States? They are the Communists themselves and those in Communist-front organizations which support the Communists' aims and goals.

The Communists and their mouthpieces on the extreme left thus become the counterparts of the Birchers on the extreme right.

Mr. HUMPHREY. This continued effort on the part of the rightwingers to confuse genuinely liberal groups with the Communist apparatus is a disservice not only to the liberal groups themselves, but also to our country. Clear thinking and clear identification are prerequisites for making mature, sound judgments of national policy. Mr. Nixon's attempt to smear the Americans for Democratic Action has been rightly challenged by a newspaper which can in no sense be termed a spokesman for the Democratic Party.

The editorial speaks for itself, and Mr. Nixon speaks for himself; and in so doing he has done himself an injustice and a disservice. He has revealed a shocking lack of political understanding and responsibility. We have the right to expect better of a former Vice President. He should, and I believe does, know better than what his words would indicate.

Mr. President, in my mind the editorial will be very helpful to people who seek to have a better understanding of some of the political forces at work in our country. As I said, the editorial has come from a newspaper that is relatively independent, but more often than not supports Republican candidates.

PUBLIC WORKS TO STIMULATE ECONOMY

Mr. HUMPHREY. Mr. President, the President of the United States in a letter to the chairmen of the Senate and House Public Works Committees outlined his request for a $600 million program to aid the economy. The letter of President Kennedy was in response to inquiries made to letters from the distinguished Representative JOHN BLATNIK, from Minnesota's Eighth Congressional District, and from the able Senator from Pennsylvania [Mr. CLARK]. The two gentlemen referred to, Representative BLATNIK and the Senator from Pennsylvania [Mr. CLARK], have both been very active in promoting long-term public works programs as a part of the overall national program to stimulate our economy to full employment and to maximum production.

I am happy to be associated in this endeavor, having introduced in the Sen-

ate a bill identical to that introduced by Representative BLATNIK. The two bills, the one in the House and the other in the Senate, follow the President's earlier recommendations of standby authority for public works, with a commitment of up to $2 billion of public works programs which are already authorized under congressional action, the public works to be made available when there is a level of unemployment in the economy which is fixed by the proposed legislation, a level that would indicate the need for prompt action.

The President became convinced that it was necessary to do more than merely have standby authority, and therefore, as his letter of yesterday indicates, he is proposing some immediate action in the form of a $600 million program to aid the economy.

I quote from the President's letter, as follows:

Our present problem is not, of course, one of nationwide recession. We have been making a strong recovery from the recession of 1960–61. Gross national product rose from $501 billion in the first quarter of last year to $542 billion in the last quarter. Industrial production has risen 12 percent over the last 12 months. Disposable personal income per capita has passed the historic $2,000 milestone. Unemployment in the last year has declined from 6.9 percent of the labor force to 5.6 percent, and the number of persons at work has increased by more than 1 million over a year ago. The recovery still has considerable distance to go before full employment is restored. But, despite the fact that our economic performance of the last 2 months has fallen below expectations, we look for a strong and continued expansion throughout the year and into 1963.

The program of President Kennedy, in response to the inquiries of Members of Congress will do much, if acted upon promptly, to lend new vitality to the economy. The program is needed in areas of chronic unemployment. I am hopeful that the respective committees of Congress will act quickly, because every day of delay involves costs not only in terms of income, but also in terms of jobs and lost production.

I ask unanimous consent that the letter of President Kennedy to the Senate and House Public Works Committees be printed at this point in the RECORD, along with an explanatory article, written by Joseph Loftus and printed in the New York Times of today.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

KENNEDY'S LETTERS ON JOB PLAN

I am transmitting herewith a draft of proposed legislation which would authorize immediate initiation of a $600 million capital improvements program in those sections of our country which have failed to share fully in the economic gains of the recovery from the recession of 1960–61. This proposal is in the form of an amendment to the proposed standby Capital Improvements Act of 1962, which I transmitted to the Congress on February 19 and which has since been referred to your committee as H.R. 10318 (S. 2965) and other identical bills.

The proposed standby Capital Improvements Act, together with the recommended standby temporary tax reduction authority and the pending bill to strengthen permanently our Federal-State system of unemployment insurance, would constitute a new and powerful arsenal of weapons to combat the recessions which periodically sap the vitality of our economy. The waste and distress which characterize these periodic recessions can and must be abated. Passage of the recommended legislation will make possible timely and effective action to reduce the severity and duration of future recessions.

Our present problem is not, of course, one of nationwide recession. We have been making a strong recovery from the recession of 1960–61. Gross national product rose from $501 billion in the first quarter of last year to $542 billion in the last quarter. Industrial production has risen 12 percent over the last 12 months. Disposable personal income per capita has passed the historic $2,000 milestone. Unemployment in the last year has declined from 6.9 percent of the labor force to 5.6 percent, and the number of persons at work has increased by more than 1 million over a year ago. The recovery still has considerable distance to go before full employment is restored. But, despite the fact that our economic performance of the last 2 months has fallen below expectations, we look for a strong and continued expansion throughout the year and into 1963.

SERIOUS PROBLEMS REMAIN

Although we do not today face a problem of general recession, the two recessions of the last 5 years—interrupted only by a short and incomplete recovery—have left in their wake serious problems of prolonged large-scale unemployment and economic distress in hundreds of communities in all sections of the country. The roster of these communities includes large cities, smaller cities, and rural areas. The causes of their troubles are manifold—exodus of industry, displacement of labor by technological change, excessive dependence on declining industries, influx of jobseekers, changing weapons requirements in military procurement, and chronic rural poverty. Whatever the cause, the results are the same—high and persistent urban unemployment or rural underemployment. Continued economic expansion for the Nation as a whole will in time help to restore the prosperity of many of these areas. But their needs are urgent now, and further help should not be delayed until another recession threatens the whole economy.

There are 852 localities which have been designated as redevelopment areas under the Area Redevelopment Act of 1961, and a further 106 communities which have been designated for 12 months or more as areas of substantial unemployment. There 958 localities account for 38 percent of our population. In these areas, taken together, one out of 13 members of the labor force is unemployed, and the average unemployment rate is 33 percent higher than in the rest of the country.

EIGHTY-TWO COMMUNITIES HELPED

Most of these areas are eligible for assistance under the area Redevelopment Act of 1961. Although the area redevelopment program is less than a year old, assistance has already been extended to 82 communities in 26 States. As this program gathers momentum, more and more communities will be aided in their efforts to build a durable foundation for sustained local prosperity.

The area redevelopment program, however, is a continuing effort to help communities to attract new and permanent jobs to solve their long-range economic problem; it is not primarily designed to provide immediate relief of distress caused by unemployment, or to assist in the general rehabilitation and improvement of public facilities. I believe that a further Federal effort is necessary, both to provide immediate useful work for the unemployed and the underemployed, and to help these and other hard-pressed communities, through improvement of their public facilities, to become better places to live and work.

Accordingly, I urged that we initiate as soon as possible a $600 million capital improvements program in the redevelopment areas and in the communities which have been designated for 12 months or more as areas of substantial unemployment. Actual expenditures will depend upon the timing of congressional action. If legislation and the supporting appropriation are enacted promptly, expenditures under this program would be approximately $25 million in the remaining months of fiscal year 1962, $350 million in fiscal year 1963, and $225 million in the early months of fiscal year 1964.

SEEKS FEDERAL PROJECTS

These funds would be allocated for Federal capital improvements projects in economically depressed areas and for grants and loans to eligible States and localities for improvement of community facilities. Federal grants to States and localities would range up to 50 percent of the cost of each project, and could be higher in certain exceptional cases. Loans would be available to assist hard-pressed communities which would otherwise be unable to meet promptly their share of project costs.

Projects under this program would be limited to those which could be initiated or accelerated within a reasonably short period of time and completed within 12 months after initiation. Other limitations of the standby bill would also apply: For example, projects could be approved only if they were capable of meeting an essential public need, if they would contribute significantly to the reduction of unemployment, and if they were not inconsistent with locally approved comprehensive development plans.

LOCAL PROJECTS BACKED

State and local capital improvements under this program would include such projects as water supply improvement; parks and other recreation development; sewerage systems and water pollution control; construction, rehabilitation and modernization of public buildings, such as hospitals and civic buildings; and road, street, airfield, and port improvement. Examples of Federal projects and programs would include conservation activities to improve our public land, water, timber, fish and wildlife resources, and construction or improvement of laboratories, research and training facilities, and other public buildings.

The standby capital improvements bill, and this proposal for an immediate public facilities program, are in my judgment of equal importance to the economic welfare of our Nation. The former would enable us more effectively to combat the waste and hardship of future recessions; the latter would bring new public facilities, new jobs, and new hope to those communities whose economic troubles have resisted the rising tide of national economic expansion.

KENNEDY OFFERS NEW WORKS PLAN—18-MONTH PROGRAM SOUGHT TO INJECT $600 MILLION IN 958 DEPRESSED AREAS

(By Joseph A. Loftus)

WASHINGTON, March 26.—President Kennedy urged on Congress today a fast-moving 18-month, $600 million program of public improvements that would put thousands of Americans back to work in hard-pressed communities.

"We do not today face a problem of general recession," he said in letters to chairmen of the Senate and House Public Works Committees. But he said:

"The two recessions of the last 5 years—interrupted only by a short and incomplete recovery—have left in their wake serious problems of prolonged large-scale unemploy-

ment and economic distress in hundreds of communities in all sections of the country."

Job hunters would work on water supply improvement projects; parks and recreational developments; sewerage systems and water pollution control; construction, rehabilitation, and modernization of public buildings, such as hospitals and civic buildings; road, street, airfield, and port improvements.

NINE HUNDRED AND FIFTY-EIGHT LOCALITIES ELIGIBLE

A total of 958 localities would be eligible to join the program. The total comprises 852 communities designated as redevelopment areas under the Area Redevelopment Act of 1961 and 106 communities with an unemployment rate of more than 6 percent for over a year.

The Federal Government, in general, would finance half the cost of the projects. In exceptional cases, where States or communities cannot finance their share immediately, Federal loans would be available.

The President's plan is separate from the $2 billion public works authority he wants as a standby weapon if another recession threatens and the 4-year area redevelopment program that started in 1961.

Republicans immediately grasped the political value of a program, sponsored by a Democratic administration, that would pump Federal money into communities in an election year.

Representative JAMES C. AUCHINCLOSS, of New Jersey, ranking Republican on the House Public Works Committee, said he recognized the need to help the unemployed. But he said he was "reluctant to agree with the suggestion that the President of the United States be given sole authority to implement and administer such a program."

Mr. AUCHINCLOSS read his statement at a committee hearing where the President's labor and economic experts testified. He said:

"Our country was founded as a Nation controlled by representative government, and we should keep it that way."

Republicans, in short, are fearful that the administration, if authorized to pick and choose among 958 needy localities, would be tempted to use political considerations in distributing Federal largess.

Up for election this year are all seats in the House of Representatives, 37 Senate seats, and 35 governorships.

JOHN W. MCCORMACK, House Speaker, said he thought Congress would receive the President's program favorably.

The President's request is timely and will be very helpful in those communities where there is chronic unemployment, he said.

LABOR URGES ACTION

Labor leaders have been pressing Mr. Kennedy to act in this field. They spent more than an hour with him on March 12 and left as pro-Kennedy as ever. George Meany, president of the American Federation of Labor and Congress of Industrial Organizations, followed up with a letter to the President last Wednesday. The President and his advisors met Thursday morning and agreed on the program.

If Congress approves the program promptly, about $25 million in Federal money could be spent before June 30, when the fiscal year ends.

The program proposes Federal outlays of $350 million in the next fiscal year and $225 million in the early months of fiscal year 1964. That would carry the program through the fall of 1963.

The President's small budget surplus for the next fiscal year would be imperiled by the projected spending of $350 million. This would reduce the estimated surplus to $113 million—a sum that is more significant psychologically and politically than financially.

The President, in his letters to committee chairmen, cited improvements in economic signs generally and added:

"The recovery still has considerable distance to go before full employment is restored. But, despite the fact that our economic performance of the last 2 months has fallen below expectations, we look for a strong and continued expansion throughout the year and into 1963."

Under the new program, projects would be limited to those that could be initiated or accelerated within a reasonably short period of time and completed within 12 months.

Projects could be approved only if they were capable of meeting an essential public need and contributed significantly to the reduction of unemployment. The projects could not be inconsistent with locally approved comprehensive development plans.

The House Public Works Committee heard Secretary of Labor Arthur J. Goldberg, Dr. Walter W. Heller, Chairman of the Council of Economic Advisers, and David E. Bell, Budget Director, testify in favor of the new program and the standby public works.

Republicans on the committee spoke more sharply of the standby program than of the new proposal. Under the standby plan, a certain level of unemployment would trigger the use of the $2 billion for public works for 1 year.

The President would be able to take the funds allocated for other purposes, except for highway and other trust funds, and use them for capital improvements. Congress then would replace the money transferred by the President to the public works account.

Representative GORDON H. SCHERER, Republican, of Ohio, speaking with sarcasm, said he preferred the standby bill of Representative JOHN A. BLATNIK, Democrat, of Minnesota, to the administration proposal.

"Mr. BLATNIK's provides for direct backdoor spending, yours in only a subterfuge," he said.

Mr. HUMPHREY. The President points out that 852 localities have been designated as redevelopment areas under the Area Redevelopment Act of 1961, and a further 106 communities have been designated for 12 months or more as areas of substantial unemployment. He further points out that 958 localities account for 38 percent of our population.

THE SUPREME COURT'S OPINIONS ON THE TENNESSEE REAPPORTIONMENT CASE

Mr. HUMPHREY. Mr. President, I invite the attention of Senators to excerpts from the Supreme Court's opinions on the Tennessee reapportionment case. The distinguished Senator from New York [Mr. KEATING] commented on the Supreme Court decision. I believe that this decision is among the most important decisions to be handed down for many a generation. It will have an impact upon the economic, social, and political life of our country. This goes far beyond what may be contemplated at this particular moment. The decision will present a problem of implementation. The Court's decision provides the ways and means for implimentation.

In other words, Mr. President, reapportionment will be required. Reapportionment will be obtained, if need be, through the district courts by order of the district courts. I believe that the decision in this case is of such importance that excerpts from the Court's opinions on the Tennessee reapportionment case should be made a part of the official record of the Congress. The decision may well stand with some of the great decisions of the Court, like the decision in the McCulloch versus Maryland; the decisions that related to the early New Deal measures, under the administration of Franklin Roosevelt; and the decision relating to the steel case; as well as other decisions.

Therefore, I ask unanimous consent that excerpts from the Supreme Court opinions in this case, to which I have referred, be printed in the CONGRESSIONAL RECORD. These excerpts will also include not only the majority opinion and the separate opinions of Justices Douglas, Clark, and Stewart, but also the dissenting opinions of Justices Harlan and Frankfurter.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXCERPTS FROM SUPREME COURT'S OPINIONS ON THE TENNESSEE REAPPORTIONMENT CASE

Mr. Justice Brennan delivered the opinion of the Court.

This civil action was brought under 42 U.S.C., sections 1983 and 1988 to redress the alleged deprivation of Federal constitutional rights. The complaint, alleging that by means of a 1901 statute of Tennessee apportioning the members of the general assembly among the State's 95 counties, "these plaintiffs and others similarly situated, are denied the equal protection of the laws accorded them by the 14th amendment to the Constitution of the United States by virtue of the debasement of their votes," was dismissed by a three-judge court convened under 28 U.S.C. 2281 in the middle district of Tennessee. The Court held that it lacked jurisdiction of the subject matter and also that no claim was stated upon which relief could be granted (179 F. Supp. 824). We noted probable jurisdiction of the appeal, (364 U.S. 898). We hold that the dismissal was error, and remand the cause to the district court for trial and further proceedings consistent with this.

The General Assembly of Tennessee consists of the senate with 33 members and the house of representatives with 99 members.

Tennessee's standard for allocating legislative representation among her counties is the total number of qualified voters resident in the respective counties, subject only to minor qualifications. Decennial reapportionment in compliance with the constitutional scheme was effected by the general assembly each decade from 1871 to 1901. * * * The 1881 apportionment. In 1901 the general assembly abandoned separate enumeration in favor of reliance upon the Federal census and passed the apportionment act here in controversy. In the more than 60 years since that action, all proposals in both houses of the general assembly for reapportionment have failed to pass.

Between 1901 and 1961, Tennessee has experienced substantion growth and redistribution of her population. In 1901 the population was 2,020,616, of whom 487,380 were eligible to vote. The 1960 Federal census reports the State's population at 3,567,089, of whom 2,092,891 are eligible to vote. The relative standings of the counties in terms of qualified voters have changed significantly. It is primarily the continued application of the 1901 apportionment act to this shifted and enlarged voting popula-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

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HIGHLIGHTS; Senate committee voted to report bill for standby authority to accelerate public works programs. Sen. Humphrey urged expanded Farmers Home Administration loan program. Sen. Proxmire opposed farm program. House debated Defense Department appropriation bill. Sen. Williams, Del., submitted and discussed resolution to authorize study and investigation of this Department.

SENATE

1. PUBLIC WORKS. The Public Works Committee voted to report (but did not actually report) with amendments S. 2965, to provide standby authority to accelerate public works programs. The "Daily Digest" states that as approved by the committee "the bill would authorize $2.6 billion for such programs." p. D295

2. COTTON. Passed without amendment H. R. 11027, to amend the Agricultural Adjustment Act of 1938 so as to extend to the 1962 crop the authority of the Secretary to permit operators of farms with flooded-out cotton acreage to transfer cotton acreage allotments to another farm operated by the farmer in the same or an adjoining county. This bill will now be sent to the President. p. 6267

3. TARIFFS. Passed with an amendment H. R. 10607, to amend the Tariff Act of 1930 so as to provide for the adoption and implementation of revised tariff schedules proposed by the Tariff Commission and to make certain amendments in existing law necessitated by the adoption of such revised schedules. pp. 6267-70

4. PERSONNEL. The Foreign Relations Committee voted to report (but did not actually report) with amendment S. 2919, to authorize certain retired personnel to accept and wear decorations, presents, and other things tendered them by certain foreign countries. p. D294

5. FORESTRY; WATERFOWL. The Irrigation and Reclamation Subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee S. 1988, to provide that U. S. lands within the boundaries of the Lower Klamath National Wildlife Refuge, the Upper Klamath National Wildlife Refuge, and the Tule Lake National Wildlife Refuge shall be dedicated to wildlife conservation. p. D294

6. FARM LOANS. Sen. Humphrey commended the work of the Farmers Home Administration, urged an expansion of its loan activities, and proposed that "we take a fresh look at the Farmers Home Administration and make it a well-financed tool for the fight on human misery and the maintenance of the family farms." pp. 6271-4

7. FARM PROGRAM. Sen. Proxmire expressed opposition to several features of the Administration's farm program, and stated that the reason he "voted in the Senate Agriculture Committee to modify very substantially the farm proposals offered by the Department of Agriculture ... was the very substantial probability that both the Department's mandatory feed grains and dairy proposals would be rejected by farmers voting in the nationwide referendums that would be necessary to put these programs into operation." pp. 6238-41

Sen. Dirksen inserted the platform adopted at the convention of the Young Republican College Federation of Illinois, including recommendations on agriculture. pp. 6246-8

8. CIVIL DEFENSE. Both Houses received from the Office of Emergency Planning a proposed bill "to amend the provisions of title III of the Federal Civil Defense Act of 1950"; to Armed Services Committees. pp. 6220, 6357

9. SAFETY. Both Houses received from Labor a proposed bill "to provide for assistance to States in the promotion, establishment, and maintenance of safe work places and work practices"; to H. Education and Labor and S. Labor and Public Welfare Committees. pp. 6220, 6357

10. FORESTRY. Sen. Neuberger inserted the opinion of the General Counsel of this Department that forestry is a part of agriculture and that timber is an agricultural commodity. pp. 6251-3

11. LIVESTOCK. Received a Calif. Legislature resolution urging action to restrict the importation of livestock and livestock products. p. 6221

12. FEDERAL BUILDINGS. The Public Works Committee reported with amendments S. 819, to provide suitable works of art in Federal buildings (S. Rept. 1343). p. 6221

13. TRADE FAIRS. Sen. Engle urged, as a means of stimulating U. S. exports, "the use of trade-fair ships, which would provide a means for exhibiting our products in port cities throughout the world," and inserted an article, "Japan Develops Trade-Fair Ship." pp. 6245-6

14. TRANSPORTATION. Conferees were appointed on S. 320, to amend the Interstate Commerce Act so as to permit State commissions to grant the right to motor

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HIGHLIGHTS: Senate committee reported bill for standby authority to accelerate public works programs. Senate received USDA bill on forest roads and trails.

SENATE

1. FORESTRY. Received from this Department a proposed bill to provide the Secretary of Agriculture certain authorities needed in constructing and maintaining an adequate system of roads and trails for lands administered by the Forest Service, including provisions as follows: Sets forth findings and declarations of the Congress that the construction and maintenance of an adequate system of roads and trails within and near the National Forests and other lands administered by the Forest Service is essential. Authorizes the Secretary of Agriculture to grant permanent or temporary easements for road rights-of-way over lands administered by the Forest Service, and provides for the termination of easements so granted under certain conditions. Authorizes the Secretary to provide for the acquisition, construction, and maintenance of forest development roads (a) with appropriated funds, (b) by requirements on purchasers of National Forest timber and other products with provisions for amortization of road costs, (c) by cooperation with public and private agencies or persons, or (d) by a combination of these methods. Authorizes the Secretary to require users of the roads under the control of the Forest Service to maintain such roads in a satisfactory condition commensurate with the particular use requirements. Provides that where the agreement under which the U. S. obtained its rights as

to a road provides for delayed payments, any fees or collections for the use of such road could be placed in a fund to pay the Government's grantor. Referred to Public Works Committee. p. 6586

2. PUBLIC WORKS. The Public Works Committee reported with amendments S. 2965, to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies (S. Rept. 1358)(p. 6587). Sen. Chavez stated that the bill as reported "would provide the President ... with standby authority to carry forward a $2 billion program of public works when certain specified conditions of unemployment occur. Once the program is triggered it would automatically be terminated in 27 months. Projects initiated thereunder must be such that they can be completed within 18 months or within the 27-month period. The bill would limit the source of funds available for the standby program in order not to impair the operations of those agencies to whom the funds are available .... The bill provides for an immediate program of public works in the amount of $600 million and would make eligible for participation redevelopment areas pursuant to the Area Redevelopment Act, and areas designated by the Secretary of Labor as having been areas of substantial unemployment in 9 of the 12 immediate 12 preceding months.... The financing of this program would be through direct appropriations and would terminate 27 months after enactment."

3. DAIRY PRICES. Received a Tompkins Co., N. Y., Pomona Grange resolution urging the H. and S. Agriculture Committees "to reconsider their decision to discontinue the dairy products supports at the 1961 level, and to institute the 1961 price support in dairy products until April 1, 1963," and "a more effective dairy program for the price year beginning April 1, 1963." pp. 6586-7

4. FOREIGN TRADE. Sen. Humphrey urged the U. S. and its allies and friends to "prepare themselves for economic cooperation with the European Economic Community," and inserted several articles on the development of the EEC. pp. 6632-5

ITEMS IN APPENDIX

5. FORESTRY. Extension of remarks of Sen. Long, Mo., inserting an article, "No Case Against Ozark Park," which says in part, "Fortunately, Secretary of Agriculture Freeman has ordered the empire-building Forest Service to keep hands off the Missouri monument." pp. A3101-2

6. FOREIGN TRADE. Extension of remarks of Sen. Kefauver inserting a speech, "U. S. Foreign Trade and Investment in a Changing World." pp. A3103-5

BILLS INTRODUCED

7. EDUCATION. S. 3217, by Sen. Bush, to provide Federal assistance for the establishment, expansion, and improvement of programs of tehcnical education at the college level; to Labor and Public Welfare Committee. Remarks of author. pp. 6587-8

8. CONTRACTS. S. 3218, by Sen. Case, N. J., to require compliance with the provisions of the Davis-Bacon Act in the performance of lease and lease-purchase agreements entered into by the Post Office Department; to Public Works Committee. Remarks of author. pp. 6588-9

9. PERSONNEL. S. 3219, by Sen. Clark, to amend the Civil Service Retirement Act to provide that annuities payable for disability retirement shall be 60 percent of the average salary; to Post Office and Civil Service Committee.

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Calendar No. 1321

87TH CONGRESS 2d Session } SENATE { REPORT No. 1358

PUBLIC WORKS ACCELERATION ACT OF 1962

APRIL 25, 1962.—Ordered to be printed

Mr. CHAVEZ, from the Committee on Public Works, submitted the following

REPORT

Together with

MINORITY, SUPPLEMENTAL, INDIVIDUAL, ADDITIONAL, AND SEPARATE VIEWS

[To accompany S. 2965]

The Committee on Public Works, to whom was referred the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

The amendments are shown in the bill as reported in italics.

INTRODUCTION

S. 2965, as amended, would authorize immediate initiation of a $600 million public works program in those sections of our country which have failed to share fully in the economic gains of the recovery from the recession of 1960–61. It would also provide the President with standby authority to initiate up to $2 billion of expenditures for public works when unemployment rises sharply and the standard indicators of economic distress reveal that extraordinary action is required to reverse a serious economic decline.

The provisions of this bill are designed to promote full employment and sustained prosperity. They carry out recommendations made by the President for (1) an immediate public works program to reduce unemployment that has persisted in certain communities and areas of the country in spite of the general recovery from our most recent recession, and (2) standby authority to enable the President to take quick and effective action to stimulate the economy by initiating a

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temporary expansion in Federal and federally aided public works programs when necessary to counter future recessions.

There is a real and urgent need for both of these measures. The immediate public works program which this bill would authorize would permit a frontal assault on those pockets of serious unemployment which persist in the face of overall progress toward full economic recovery. Included among the many communities which have not shared fully in the recovery from the recession are large cities, small cities, and rural areas. At present there are 874 areas which have been designated as "redevelopment areas" under the Area Redevelopment Act, and 132 additional areas which have been designated as areas of substantial unemployment in at least 9 of the 12 most recent months.

Approximately 38 percent of the people in the United States reside in these 1,006 areas. Secretary of Labor Goldberg testified before the committee that the average rate of unemployment is 39 percent higher in these areas than in the rest of the country and that in these areas an average of 1 out of every 12 workers is unemployed. These are the areas that will be eligible to participate in the immediate $600 million public works program authorized by this bill. An immediate program of public works construction in these hard-pressed areas can do much to reduce the high unemployment they suffer while providing facilities needed to meet long standing public needs.

The standby authority provided by this bill is intended as a protection against future recessions. Since the end of World War II, our economy has experienced four recessions. All thoughtful citizens agree on the obvious desirability of avoiding or lessening these repeated downward turns in our economy which diminish both national strength and individual opportunity. Equally obvious is the importance of the Federal Government's role and responsibility—as an employer, a consumer, a stimulus to the rest of the economy, and an example to State and local governments—to act to prevent or lessen the impact of an oncoming recession. Experience has shown that the timing of various Federal actions which should be taken (and have been taken in the past) to offset a recession can make a substantial difference in the severity and duration of any particular recession. The standby authority provided by this bill can prove to be an invaluable antirecession tool which will enable the President to act swiftly to reverse an impending economic decline.

Major Provisions of the Bill

STANDBY AUTHORITY

"Triggering" mechanism

The standby provisions embodied in this bill would, under specified conditions or rising unemployment, grant to the President the authority to release $2 billion to initiate and accelerate public works through outlays on Federal projects, grants-in-aid, and loans to State and local governments. Recognizing the desire of the Congress to set the most precise guidelines for this kind of administrative action, the bill permits this standby authority to be exercised only when "triggered" by a formula suggested after the most careful consideration. This formula prevents the standby authority from becoming operative until the national unemployment rate has risen by

1 percentage point over a period of not less than 3 months and within 9 months, and after a determination by the President that the use of the standby authority is necessary to avoid severe unemployment and the loss of production and purchasing power. To activate the standby authority provided by this bill, the President would have to proclaim the existence of a public works acceleration period within 60 days after the date when the increase in unemployment specified in the "triggering" formula had occurred.

The "triggering" formula contained in this bill would have signaled, at a date early enough to make action helpful, each recession our Nation has suffered since World War II. The fact that "triggering" is dependent upon a determination by the President that the use of the standby authority is necessary to avoid severe unemployment and the loss of production and purchasing power as well as specified conditions of rising unemployment provides adequate protection against false recession warnings that could result from peculiar weather conditions, a major work stoppage, or other nonrecessionary cause.

The hypothetical operation of this "trigger" over the postwar years on the basis of data available at each relevant date, or data that would have been available under the present reporting system, is illustrated in the following table:

Hypothetical timing of proposed capital improvements program

Business cycle peak	Unemployment criterion met	Business cycle trough	Subsequent achievement of full employment
November 1948	February 1949	October 1949	October 1950
July 1953	December 1953	August 1954	July 1955
July 1957	November 1957	April 1958	(2)
	October 1959 [1]		
May 1960	August 1960	February 1961	(2)

[1] Steel strike.
[2] Full employment not regained.

Source: Council of Economic Advisers.

In each of the four postwar recessions, the standby authority contained in this bill would have become operative from 5 to 8 months before the trough of the recession.

Public works programs in the past have not been as successful as they could have been as antirecession measures because they have been entered into too late after a downswing has begun to achieve an effect on the recession sufficient to justify the increase in budget expenditures. By the time a consensus has been reached as to the necessity for action and the machinery of government has started rolling, the worst of the recession has been over. In such circumstances the full impact of the public works program did not become effective until recovery was well underway and to some extent the programs authorized competed with private demand for resources in the latter phases of the recovery period.

The committee is convinced that one of the major advantages of providing the President with standby authority will be to permit remedial action to counter the onset of a recession at the time when such action can be most effective. The first impact of the outlays made under the standby program authorized by this bill could be felt within 1 or 2 months after the authority was triggered. The major

force of the program would be spent well before private demand again pressed hard on the economy's capacity to produce. With the safeguards provided in the bill reported by the committee, this program can be made a major contribution to business activity, consumer purchasing power, and employment in a recession by utilizing for sound public investment resources that would otherwise have gone to waste.

Programs authorized when standby authority is triggered

When the standby provisions of this bill are triggered:

(1) The President would be authorized to direct the departments and agencies of the Federal Government to initiate or accelerate existing direct Federal public works projects and programs already authorized by law and to allocate $750 million among the departments and agencies responsible for these programs.

(2) The President would be authorized to direct the departments and agencies of the Federal Government responsible for the administration of existing Federal grant programs to increase expenditures to finance the initiation or acceleration of projects and programs within their jurisdiction. Funds made available to increase expenditures under existing Federal grant programs would be subject to all the provisions of law governing these existing grant programs except existing provisions governing apportionment of funds among the States, the time in which grants may be made, or the aggregate dollar amount of grants for any prescribed purpose, project, or program. In addition, in special cases which fall within uniform standards to be established by the President, grants could be made which bring the total Federal participation in a project or program up to 50 percent of its cost notwithstanding limitations in other laws which require a particular kind of grant to be less than 50 percent of such cost.

(3) The Housing and Home Finance Administrator would be authorized to make grants to States, municipalities, and local public bodies to finance the initiation or acceleration of public works projects and programs which are not eligible for grants under other acts of Congress. The amount of any grant made by the Housing and Home Finance Administrator could not exceed 50 percent of the cost of undertaking and completing the project or program for which the grant is made. The President would be authorized to allocate $750 million between the departments and agencies administering the existing grant programs described in (2) above and for projects and programs which are not eligible for grants under other acts of Congress.

(4) The Housing and Home Finance Administrator would be authorized to make loans to applicants which need assistance to meet their share of the cost of projects or programs for which grants have been authorized under the programs described in (2) or (3) above The President would be authorized to allocate up to $250 million for such loans.

(5) The President would be authorized to allocate an additional $250 million to supplement the programs described in (1), (2), (3), and (4) above.

Safeguards

The committee believes that the safeguards provided in the bill reported by it will assure that projects or programs undertaken during a public works acceleration period will provide useful and needed

public facilities, reduce unemployment, and be performed with manpower and resources that would not otherwise be utilized. To make certain that the impact of projects and programs undertaken under the standby authority in this bill is spent during a period of recession, the bill reported by the committee authorizes assistance only for those projects and programs or segments of projects and programs which can be completed before the standby authority expires.

The provisions of the bill reported by the committee require that funds are made available only for projects or programs that (1) can be initiated or accelerated within a reasonably short period of time, (2) will meet an essential public need, (3) can be completed within no more than 18 months, (4) will contribute significantly to the reduction of unemployment, and (5) are not inconsistent with locally approved comprehensive plans for the jurisdiction affected, wherever such plans exist. To assure that the areas most severely affected by the onset of any future recession receive the benefits of the projects and programs authorized under the standby authority, the bill reported by the committee requires that preference be given in committing funds to those areas within States in which unemployment is above, or family income is below. the national average.

Financing

Economic developments may cause the standby authority provided by this bill to be invoked when Congress is not in session. In order to expedite financing activities authorized by the standby provisions of this bill, the President is authorized, once the standby authority is triggered, to transfer to the appropriate accounts of any department or agency of the executive branch, balances of authorizations to expend from public debt receipts available for the Housing and Home Finance Agency, for loans to the Federal Savings and Loan Insurance Corporation, for loans to the Federal Deposit Insurance Corporation, for the purchase of obligations issued by the Federal home loan banks, and for payment of the subscription of the United States to the International Bank for Reconstruction and Development. The funds made available for use by the President are far in excess of the $2 billion which the President is authorized to transfer.

Estimated unobligated balances as of June 30, 1962

	Millions
Funds appropriated to the President (borrowing authority available for investment in the International Bank for Reconstruction and Development	$5, 715
Housing and Home Finance Agency (borrowing authority)	5, 416
Federal Deposit Insurance Corporation (borrowing authority)	3, 000
Federal Savings and Loan Insurance Corporation (borrowing authority)	750
Federal Home Loan Bank Board (borrowing authority)	1, 000
Total	15, 881

Since the great bulk of the funds are themselves contingency authority, the committee is confident that the transfers can be made without using any funds likely to be required before the Congress has opportunity to provide the new obligational authority necessary to restore the balances transferred.

To assure that the operations of the agencies from which the President is authorized to transfer funds are not impaired, the committee has required that only those funds estimated to be in excess of

the amount needed by these agencies in the current fiscal year for obligation or expenditure for the purposes for which they were made available may be transferred. All transferred balances are authorized to be restored.

Termination of standby authority

The bill reported by the committee contemplates that the standby authority conferred upon the President may be invoked by him but once. Once invoked the authority would terminate as soon as the President finds and declares that the need for the programs authorized by the standby provisions no longer exist, or 27 months, whichever is sooner.

Projects or programs undertaken under the standby authority must be of a type that can be completed within a maximum period of 18 months and no project or program can be undertaken under the standby provisions which cannot be completed within 27 months after the standby authority is invoked. Thus, a project or program begun under the standby authority 12 months after that authority is invoked must be a project or program which can be completed in 15 months; or, if begun 18 months after the standby authority is invoked, it must be a project or program which can be completed in 9 months, etc.

IMMEDIATE AID TO AREAS OF SUBSTANTIAL UNEMPLOYMENT

In addition to standby authority, the bill reported by the committee would authorize the initiation of an immediate $600 million public works program in areas currently designated as "redevelopment areas" under the Area Redevelopment Act and in areas currently designated by the Secretary of Labor as having been areas of substantial unemployment in 9 of the 12 immediately preceding months.

The funds made available for the immediate public works program could be allocated by the President for the various grant and loan programs authorized under the standby provisions of this bill. Generally, the same safeguards contained in the standby program to assure that projects or programs undertaken will provide useful and needed public facilities, reduce unemployment, and be performed with manpower and resources that would not otherwise be utilized, are made applicable to the program of immediate aid.

A number of variations have been adopted by the committee, however, to assure that the immediate public works program meets the needs to which it is addressed. The $600 million authorized for the immediate public works program will be provided by the usual appropriation process. Since this program is to become effective immediately, there is no need to provide the alternate method of financing authorized by this bill for the standby program.

To assure that the funds made available for the immediate public works program are committed in areas of greatest need, the bill reported by the committee would require the President to prescribe rules, regulations, and procedures which would assure that adequate consideration is given to the relative needs of areas eligible to participate.

In addition, the committee recognizes that some of the areas eligible to participate in the program of immediate aid do not have the

economic and financial capacity to assume all of the additional financial obligations involved in accepting a matching grant. The bill reported by the committee therefore authorizes the President, on the basis of standards which apply uniformly to all areas in similar circumstances, to determine that an area cannot meet its share of the cost of a project or program for which it might otherwise receive a matching grant, and to permit a grant to be made in such an area without regard to any provision of law limiting the amount of such a grant to a fixed portion of the cost of the project or program. No grant, however, can exceed 90 percent of the cost of the project or program for which it is made and every area eligible for this additional assistance will be required to bear such portion of the cost of a project or program as it is able.

The immediate public works program authorized by the bill reported by the committee will terminate 27 months from the date of enactment of the bill. Projects or programs undertaken under the immediate program must be of a type that can be completed within a maximum period of 18 months and no project or program can be undertaken which cannot be completed within 27 months after the date of enactment of this bill.

ADMINISTRATION

The bill as reported by the committee is intended in part to accelerate existing programs—both direct Federal public works programs and existing Federal grant programs authorized by the Congress. Since staffs and procedures to carry out these existing programs are already in being in existing agencies, reliance on these agencies is the quickest and most efficient way to plan and carry out the provisions of this bill.

Two new elements would be added by the bill reported by the committee. A number of types of State and local public works for which no Federal grant funds are now available would be made eligible for assistance. Loans would be authorized to States, municipalities, local public bodies, and certain nonprofit organizations or associations, which otherwise would be unable to meet their share of the cost of projects and programs for which a grant is authorized. Since the authority to make these grants and loans is similar to authority contained in other programs now administered by the Housing and Home Finance Agency, the bill reported by the committee provides for administration of these new elements by that Agency.

The committee is advised that upon enactment of this bill, the President plans to designate a single individual, probably a member of his Cabinet, to coordinate the program and assure its prompt and effective execution.

Need for This Bill

IMMEDIATE AID TO AREAS OF SUBSTANTIAL UNEMPLOYMENT

In his letter to the chairman of the Public Works Committee recommending approval of an immediate public works program, the President eloquently summed up the need for this program, stating:

> Although we do not today face a problem of general recession, the two recessions of the last 5 years—interrupted only by a short and incomplete recovery—have left in their wake serious problems of prolonged large-scale unemployment and

economic distress in hundreds of communities in all sections of the country. The roster of these communities includes large cities, smaller cities, and rural areas. The causes of their troubles are manifold—exodus of industry, displacement of labor by technological change, excessive dependence on declining industries, influx of jobseekers, changing weapons requirements in military procurement, and chronic rural poverty. Whatever the cause, the results are the same—high and persistent urban unemployment or rural underemployment. Continued economic expansion for the Nation as a whole will in time help to restore the prosperity of many of these areas. But their needs are urgent now, and further help should not be delayed until another recession threatens the whole economy.

There are 874 areas which have been designated as "redevelopment areas" under the Area Redevelopment Act and an additional 132 areas which had been designated as areas of substantial unemployment in at least 9 of the 12 most recent months. Approximately 38 percent of the people in the United States reside in these 1,006 areas. In these areas, taken together, 1 out of 12 members of the labor force is unemployed and the average unemployment rate is 39 percent higher than in the rest of the country. Although the national unemployment rate has fallen substantially from its recession peak, in these particular areas unemployment still persists at recession levels.

The Congress has clearly recognized that the effects of economic change are uneven among areas, industries, and groups of workers. This Congress, on the recommendation of the President, has initiated two programs aimed at the fundamental improvement of economic opportunities for certain areas and groups of workers. These programs are embodied in the Area Redevelopment Act and the Manpower Development and Training Act. The former provides Federal assistance and encouragement for the revitalization of depressed communities. The latter provides for the development of skills and the improvement of job opportunities for unemployed and underemployed workers. Both of these programs aim at fundamental adjustments and are not primarily designed to provide immediate relief of distress caused by unemployment.

Properly administered, expenditure of $600 million for needed public works construction in these areas can effect substantial reductions in unemployment. While the sum of money involved is not large in relation to the size of our economy or the total unemployment problem, as Secretary Goldberg testified "its effect in particular areas can be most telling. In the hundreds of localities throughout the country in which substantial unemployment persists, the creation of jobs can have an impact far out of proportion to the total size of this program." As the Secretary pointed out, to gage the total effect of this program one must consider the secondary spending that will be generated as well as the initial public works expenditure.

Every dollar spent on new public works construction stimulates not only new consumer spending but also the demand for countless numbers of basic raw materials and manufactured products. Attempts to measure the secondary effects are few and far between, and they will vary by type of project. Some indication of the magnitude involved will be given by the following estimates of the Bureau of

Labor Statistics, which states the ratios of offsite man-hours to onsite man-hours for various types of projects:

Bituminous paving	1.1
Grading and drainage	.9
Reclamation	1.6
Highway bridges	1.4
Schools	1.4
Streets, roads, and highways	1.2
Post offices, etc	1.5
Miscellaneous nonresidential building	1.4
Concrete paving	1.3
Airports and airfields	1.5
Water supply	1.6
Sewerage and sewerage systems	1.4

The committee believes that this Federal effort is necessary, both to provide immediate useful work for the unemployed and the underemployed, and to help these hard-pressed communities, through improvement of their public facilities, to become better places in which to live and work.

STANDBY AUTHORITY

Since the end of World War II, we have experienced four recessions—those of 1948–49, 1953–54, 1957–58, and 1960–61. Each of these recessions has left us with a legacy of increased unemployment. During the recovery following the 1948–49 recession, we managed to attain a minimum level of unemployment, seasonally adjusted, of 2.6 percent of the labor force. During the recovery following the 1953–54 recession, we managed to attain a minimum level of unemployment, seasonally adjusted, of 4.2 percent of the labor force. During the recovery following the 1957–58 recession, we managed to attain a minimum level of unemployment, seasonally adjusted, of 5.1 percent of the labor force. Each recession has left us with a higher rate of unemployment, even at the peak of the succeeding period of recovery. The implications for our economic well-being are clear and ominous. Our recovery from the recession of 1960–61 is now underway, yet the level of unemployment in March 1962 was 5.5 percent. In the past 53 months, there has been only 1 month when the seasonally adjusted unemployment rate fell below 5.0 percent. That month was February 1960 when the rate was 4.9 percent.

This record of recurrent recession and weak recovery presents a challenge which we cannot ignore. The Council of Economic Advisers has estimated that the loss in goods and services due to undercapacity operation of the Nation's economy during the fifties exceeds $175 billion—almost $1,000 worth of goods and services for every American. Mr. Heller, Chairman of the Council of Economic Advisers, testified before the committee that—

> Production never achieved and income never earned are only the immediate costs of recession. No less important are the effects of recession upon the longrun growth of the economy. Economic growth depends heavily upon the maintenance of forward momentum. When incomes rise steadily and demand is strong, new equipment is purchased and new products are developed. Production expands and, at the same time, the incomes of employees and suppliers are

increased. As a result, favorable expectations are fulfilled and renewed, and the growth process continues.

But recession reverses this cycle of production and income. When the increase in income slows down, investment declines and consumer demand slackens. The growth process is interrupted and the gap between actual and potential production increases.

The purpose of the standby authority contained in the bill reported by the committee is to insure that in the future the Federal Government will be equipped to take prompt action against recession; to reduce both the severity and the duration of any economic decline. To the extent that the standby authority provided by this bill prevents or mitigates any future recession, it will greatly reduce the high cost of unemployment—lost income and production, human distress, and lagging economic growth—which have plagued our economy in recent years.

The number of jobs which could be created and the amount of income which would be generated by expenditures authorized, once the standby program is triggered, cannot be precisely anticipated. However, Mr. Heller estimated that the total addition to gross national product which might be expected would be approximately $5.5 billion and estimated that the public works programs that could be undertaken, once the standby provisions were triggered, would provide one-half million man-years of work.

THE PUBLIC WORKS CONSTRUCTED WOULD PROVIDE FOR SATISFACTION OF URGENT PUBLIC NEEDS

In addition to being an effective means for increasing employment, the public works acceleration authorized by this bill will help meet longstanding public needs which, in many instances, have reached serious proportions because of prolonged neglect and our growing population. Every community and our Nation as a whole has a backlog of serious backlog of needed public works projects. Many of these needed public works have already been planned, can be begun quickly and completed in a relatively short period of time. The Deputy Administrator of the Housing Agency testified before the committee that—

> In 1960, the Census Bureau, on behalf of the Housing and Home Finance Agency, conducted a survey of public works expenditures by State and local governments that were in the planning stage. The survey indicated that over an 18-month period ending December 31, 1961, State and local governments were scheduled to complete the planning of public works projects with an estimated total construction cost of $21.7 billion.
>
> A total of 88,000 projects were contemplated, of which about 58,000 were estimated to cost under $100,000 per project, 25,00 were estimated to cost between $100,000 and $1 million per project, and 5,000 were estimated to cost in excess of $1 million per project.

Assuming an average cost of $50,000 per project for the 58,000 projects estimated to cost under $100,000, there is approximately $2.9 billion worth of such small project work planned.

Assuming an average cost of $500,000 for the 25,000 projects estimated to cost between $100,000 and $1 million per project, there is approximately $12.5 billion worth of such moderate-sized project work planned.

The construction of a building, such as a college dormitory costing $1 million, takes about 11 months to complete; a $1 million sewer facility, about 8 months; and a $100,000 street repair job, about 3 to 4 months.

A great many of these planned State and local projects could be initiated within a reasonably short time after the President declares an acceleration period, and could be completed within 12 months.

In addition, a very substantial inventory of Federal civil public works projects which can be begun quickly and completed within a reasonably short period of time now exists. Summaries made last year from advance programs submitted on the basis of the 1962 budget indicate that $1.8 billion of direct Federal construction on civil public works could have been started within 1 to 12 months and completed within the terms provided under the bill reported by the committee. In addition, an important share of another billion dollars could have been started within 10 to 12 months and completed within the term provided under the bill reported by the committee. These data are summarized in the following tables:

FEDERAL CIVIL PUBLIC WORKS—NEW STARTS

Estimated cost of eligible Federal projects which can be completed within 18 months, by major agency

Agency	*Estimated cost (millions)*
National Park Service	$401
Tennessee Valley Authority	321
Forest Service	166
Corps of Engineers, civil	101
Bureau of Indian Affairs	73
Fish and Wildlife Service	48
Bureau of Mines	22
Federal Aviation Agency	246
National Advisory Committee for Aeronautics	88
General Services Administration	59
Office of Education	45
Post Office	43
Coast Guard	35
Public Health Service	21
Other agencies	92
Total	[1] 1,761

[1] In addition, an unknown but substantial portion of the $959,000,000 of projects which could be started within 10 to 12 months and completed within 13 to 18 months would fall within the 27-month term of the acceleration period provided under S. 2965, as reported.

Source: Advance public works programs for fiscal year 1962 and succeeding years, submitted by agencies to Bureau of the Budget in February 1961 under Bureau of the Budget Circular No. A-35.
Prepared by Bureau of the Budget, Apr. 18, 1962.

Eligible Federal projects which can be completed within 18 months

Time required to start	Total estimated cost (millions)	Cost of work (in millions) by time required to complete	
		1–12 months	13–18 months
1–3 months	$587	$446	$141
4–6 months	769	640	129
7–9 months	194	118	76
10–12 months	211	211	(1)
Total	1,761	1,415	[1] 346

[1] In addition, an unknown but substantial portion of the $959,000,000 of projects which could be started within 10 to 12 months and completed within 13 to 18 months would fall within the 27-month term of the acceleration period provided under S. 2965, as reported.

Source: Advance public works programs for fiscal year 1962 and succeeding years, submitted by agencies to Bureau of the Budget in February 1961 under Bureau of the Budget Circular No. A-35.

Prepared by Bureau of the Budget, Apr. 18, 1962.

Principal Amendments

STANDBY PROGRAM

President's authority

As introduced, S. 2965 would have authorized the President to invoke the standby authority provided whenever the conditions specified for triggering that authority were met. It was conceivable under S. 2965 as introduced (although extremely improbable) that the President could invoke the standby authority more than once, and possibly as many as three times within a 2-year period.

Amendments adopted by the committee make it clear that the standby authority provided by S. 2965 may be invoked by the President but once and, after it is invoked, terminates automatically in 27 months. In addition, amendments adopted by the committee make it clear that no project or program may be undertaken under the standby authority which cannot be completed within 18 months or by the time the standby authority terminates.

"Triggering formula"

The specified conditions of rising unemployment necessary to trigger S. 2965, as introduced, were a national unemployment rate which had risen in 3 of the 4, or in 4 of the 6, most recent consecutive months, and which had risen by not less than 1.0 percentage point measured from the month immediately preceding such 4- or 6-month period to the last month of the period.

The committee concluded that the more flexible and less complicated formula adopted in the bill, as reported, would more appropriately identify the conditions of rising unemployment during which the President might properly exercise the standby authority provided.

Financing

As introduced, S. 2965 would have authorized the President, once the standby provisions became operative, to transfer unobligated balances of appropriations, contract authorizations, revolving funds, and other authorizations to expend from public or corporate debt receipts available to the departments and agencies of the executive branch.

The committee thought this authority to be too broad and ill-defined. The bill reported by the committee has, therefore, limited the balances available to the President for transfer to specific types of authority of five agencies: The Housing and Home Finance Agency, the Federal Savings and Loan Insurance Corporation, the Federal Deposit Insurance Corporation, the Federal home loan banks, and the International Bank for Reconstruction and Development. In addition, the committee has excluded any authority to transfer balances of trust funds. To assure that the operations of any of the agencies from which the President may transfer funds are not impaired, the committee has required that only those funds estimated to be in excess of the amount needed by these agencies for the current fiscal year for obligation or expenditure for the purposes for which they were made available may be transferred. In addition, it is understood that whatever funds are not transferred for any of the advances would of course remain available for the original purpose.

IMMEDIATE AID TO AREAS OF SUBSTANTIAL UNEMPLOYMENT

The amendment to S. 2965 recommended by the administration to provide an immediate public works program would have made eligible to participate in the immediate program areas designated as "redevelopment areas" pursuant to the Area Redevelopment Act, and areas designated by the Secretary of Labor as having been areas of substantial unemployment in each of the 12 immediately preceding months.

Under the amendment to S. 2965 recommended by the administration, a total of 979 areas, 874 "redevelopment areas" and 105 areas which had been designated by the Secretary of Labor as having been areas of substantial unemployment in each of the 12 immediately preceding months, would have been eligible to participate in the immediate program.

The bill reported by the committee would increase the number of areas eligible to participate in the immediate public works program by permitting the inclusion of areas designated by the Secretary of Labor as having been areas of substantial unemployment in 9 of the 12 immediately preceding months. This amendment adopted by the committee would at the present time make an additional 27 areas or a total of 1,006 eligible to participate in the immediate public works program.

Conclusions and Recommendations

The committee concludes that the legislation, as amended, would provide an efficient and practicable means of providing the President with standby authority to cope with certain adverse economic conditions which may occur. The legislation would also provide a very desirable means of carrying forward an immediate program of public works which would supplement and compliment the Area Redevelopment Act programs.

The committee concludes that the financing arrangements of the standby program would not impair the operations of those activities from which funds could be drawn and subsequently restored. The committee concludes that the financing of the $600 million immediate

program is extremely desirable and would not seriously affect the budgetary balances.

The committee recommends and urges enactment of this legislation.

Section-by-Section Summary of the Amendment as Reported

Section 1.—Short title.

FINDINGS AND PURPOSE

Section 2.—This section sets forth congressional findings that there have been periodic intervals when servere unemployment and loss of production and purchasing power have occurred and that repetition of such periods can be avoided, or their impact lessened, by prompt remedial action by the Federal Government. In addition, this section contains congressional findings that virtually every community in the Nation has a backlog of needed public works projects and that an acceleration of such projects, when severe unemployment and loss of production and purchasing power have occurred, will not only increase employment and expenditures at a time when such action is most urgently required, but will also meet longstanding public needs, improve community services, and enhance the heath and welfare of the citizens of the Nation.

In accord with these findings, this section states the purpose of this act to be to provide authority which will enable the President to take quick and effective action to stimulate the economy by inaugurating a program of needed public works when unemployment indicators and other economic data clearly reveal that extraordinary action is needed to avoid severe unemployment and loss of production and purchasing power and to meet longstanding public needs, improve community services, and enhance the health and welfare of the citizens of the Nation.

In addition, this section sets forth congressional findings that certain communities and areas of the Nation are presently burdened by substantial unemployment and underemployment and have failed to share fully in the economic gains of the recovery from the recession of 1960–61 and that action by the Federal Government is necessary, both to provide immediate useful work in these communities and to help these communities, through improvement of their facilities, to become better places in which to live and work. This section states it to be the intent and purpose of the Congress to provide an immediate program of assistance for these communities and areas.

STANDBY PUBLIC WORKS ACCELERATION AUTHORITY

Section 3.—This section would authorize the President to proclaim the existence of a public works acceleration period and exercise during such period the powers conferred upon him by this act. The public works acceleration period could be proclaimed by the President—

(1) Within 60 days after the date when data complied and published by the Department of Labor reveal that the national unemployment rate adjusted for seasonal variations and stated to the nearest one-tenth of a percent of the civilian labor force

has risen by 1.0 percentage point over a period of 9 months or less, but not less than 3 months; and

(2) After the President has determined that existing employment and unemployment indicators and other available economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives of this act.

The public works acceleration period would terminate automatically 27 months after it was proclaimed by the President and could be terminated by the President at such earlier time as he finds and declares that the need for the standby program authorized by this act no longer exists. No funds provided for the standby programs authorized by this act could be obligated after termination of the public works acceleration period.

ACCELERATION OF FEDERAL PROJECTS

Section 4.—This section would authorize the President during the existence of the public works acceleration period to direct the departments and agencies of the executive branch to accelerate existing direct Federal public works projects and programs or to initiate new projects and programs already authorized by law.

ACCELERATION OF EXISTING FEDERAL GRANT PROGRAMS

Section 5.—This section would authorize the President, during the existence of the public works acceleration period, to direct the departments and agencies of the executive branch to increase expenditures to finance the initiation or acceleration of projects and programs for which Federal grants (which for the purposes of this section include a loan under part H of title VI of the Public Health Service Act) are authorized by the Congress. Generally, the projects and programs initiated or accelerated under this section would be subject to the same terms and conditions specified by the Congress in the legislation establishing the existing grant program. However, grants made under this section would not be subject to any limitation in other laws with respect to the apportionment of funds, the time in which grants may be made, or the aggregate dollar amounts of grants for any prescribed purpose, project, or program. Grants made under this section for certain projects or programs which qualify under standards to be established by the President could bring the total Federal participation in such projects or programs up to 50 percent notwithstanding any limitation in other laws.

GRANTS FOR PUBLIC WORKS PROJECTS NOT ELIGIBLE UNDER EXISTING PROGRAMS

Section 6.—This section would authorize the Housing and Home Finance Administrator, during the existence of the public works acceleration period, to make grants to States, municipalities, and local public bodies to finance the initiation or acceleration of public works projects and programs which are not eligible for grants under other acts of Congress. The amount of any grant made under this section could not exceed 50 percent of the cost of undertaking and completing the project or program for which the grant is made.

FEDERAL LOANS

Section 7.—This section would authorize the Housing and Home Finance Administrator, during the existence of the public works acceleration period, to make loans to States, municipalities, local public bodies, and any private or public nonprofit organization or association representing any redevelopment area as defined in the Area Redevelopment Act which otherwise would be unable to finance their required share of the cost for projects or programs for which grants have been authorized pursuant to sections 5 and 6 of this act. All such loans must be of sound value or so secured as to reasonably assure repayment and have a maximum maturity of 40 years.

IMMEDIATE AID TO AREAS OF SUBSTANTIAL UNEMPLOYMENT

Section 8.—(a) This subsection would authorize the appropriation of $600 million for allocation by the President among sections 4, 5, 6, and 7 of this act. Funds authorized by this subsection and allocated by the President may be used to assist projects and programs authorized under sections 4, 5, 6, and 7 of this act without regard to the provisions in those sections and section 3 requiring the proclamation and existence of the public works acceleration period and without regard to any limitation on the aggregate amount of funds which may be prescribed by the President for the purposes of sections 4, 5 6, and 7 of this act. Funds authorized by this subsection may be used to assist projects and programs only in areas currently designated by the Secretary of Labor as having been areas of substantial unemployment in 9 of the 12 immediately preceding months, and in areas currently designated as "redevelopment areas" pursuant to the Area Redevelopment Act.

(b) This subsection would require the President to prescribe rules, regulations, and procedures which will assure that in committing the funds authorized by subsection 8(a) adequate consideration is given to the relative needs of areas designated under subsection 8(a). In prescribing such rules, regulations, and procedures, the President is required to consider, among other relevant factors, (1) the severity of the rates of unemployment and the duration of such unemployment, and (2) the income levels of families and the extent of underemployment in the areas designated under subsection 8(a).

(c) This subsection would authorize the President, on the basis of standards which apply uniformly to all areas in similar circumstances, to determine that an area designated under subsection 8(a) does not have economic and financial capacity to assume the additional financial obligations involved in accepting a grant under sections 5 or 6 of this act. In such an area, a grant otherwise authorized for a project or program pursuant to sections 5 or 6 of this act may be made without regard to any provision of law limiting the amount of such grant to a fixed portion of the costs of the project or program. However, the recipient of a grant increased in amount by virtue of this subsection is required to bear such portion of the cost of the project or program for which the grant is made as it is able, and in any event at least 10 percent of such cost.

RESTRICTIONS AND LIMITATIONS

Section 9.—(a) This subsection required that funds made available under this act be used only for projects or programs which (1) can be initiated or accelerated within a reasonably short period of time, (2) will meet an essential public need, (3) if initiated under the standby authority provided by this bill, can be completed within 18 months after initiation, or within 27 months after the President has proclaimed the public works acceleration period, whichever is sooner; if initiated under the provisions of section 8, to provide immediate aid to areas of substantial unemployment, can be completed within 18 months after initiation or not later than 27 months after the date of enactment of this act, (4) will contribute significantly to the reduction of unemployment, and (5) are not inconsistent with locally approved comprehensive plans for the jurisdiction affected, wherever such plans exist.

(b) This subsection requires that in the selection of projects and programs under the standby authority provided by this act, preference be given to those areas within States in which unemployment is above or family income is below the national average. In addition, not more than 12½ percent of the aggregate funds provided for projects and programs pursuant to sections 4, 5, 6, and 7 of this act shall be made available within any one State.

(c) This subsection requires that the financial assistance provided under this act produce a net increase in the current level of expenditures for public works projects by the State, municipality, or local public body receiving assistance, approximately equal to the non-Federal contribution to the project program.

APPROPRIATIONS AND INTERIM FINANCING

Section 10.—This section would authorize appropriations necessary to carry out the standby provisions of this act, and permit the President during the public works acceleration period, in order to expedite financing activities authorized by the standby provisions of this act, to transfer to the appropriate accounts of any department or agency of the executive branch, balances of authorizations to expend from public debt receipts available for the Housing and Home Finance Agency, for loans to the Federal Savings and Loan Insurance Corporation, for loans to the Federal Deposit Insurance Corporation, for the purchase of obligations issued by the Federal Home Loan Banks, and for payment of the subscription of the United States to the International Bank for Reconstruction and Development. Only those funds may be transferred which are estimated to be in excess of the amount needed by the Housing and Home Finance Agency, the Federal Savings and Loan Corporation, the Federal Deposit Insurance Corporation, the Federal home loan banks, and the International Bank for Reconstruction and Development in the current fiscal year, for obligation or expenditure for the purposes for which they were first made available. Such transferred balances are authorized to be restored. In addition, this section authorizes the President to allocate unobligated balances transferred to finance activities authorized by this act as follows: (1) $750 million for the purpose of financing projects authorized to be assisted under section 4 of this act, (2) $750 million for the purpose of financing projects authorized to be assisted under sections 5 and 6 of

this act, (3) $250 million for the purpose of financing projects authorized to be assisted under section 7 of this act, and (4) $250 million to supplement funds available for sections 4, 5, 6, and 7 of this act.

ADVANCES FOR PUBLIC WORKS PLANNING

Section 11.—This section would remove the present $58 million limitation on the total of (1) advances for public works planning and (2) undisbursed balances in the revolving fund from which such advances are made. It would permit additional funds to be appropriated for this purpose by the Congress.

LABOR STANDARDS

Section 12.—This section requires that all laborers and mechanics employed by contractors or subcontractors on projects or programs assisted under section 6 of this act (1) be paid wages at rates no less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor under the Davis-Bacon Act and (2) receive time and one-half for hours worked during a week in excess of 40 and for hours worked in a day in excess of 8. In order to coordinate the administration and enforcement of these standards, Reorganization Plan No. 14 of 1950 (giving the Secretary of Labor coordinating authority over these enforcement activities of the contracting agencies) and the Copeland Act (prohibiting employers from defeating the standards through kickbacks) are made applicable.

Davis-Bacon provisions applicable to existing grant programs would govern projects or programs assisted under section 5 of this act.

DELEGATION OF POWERS

Section 13.—This section would authorize the President to exercise functions conferred upon him by this act through any agency or officer of the United States and permit the head of any such agency or such officer to delegate authority to perform any such functions. The President could not, however, delegate the power to proclaim or terminate a public works acceleration period.

DEFINITIONS

Section 14.—This section contains definitions of the term "State," "local public body," "public works," "project," and "segment of work."

MINORITY VIEWS

We oppose the bill as reported by the committee.

The bill S. 2965, as reported with amendments, would combine a short-term program of grants for local public works in the amount of $600 million with a longer term standby program for authorized or unauthorized public works of greater magnitude in the amount of $2 billion for a total of $2,600 million to be expended under Presidential direction without specific authorization by Congress.

The $600 million for the short-term program would be provided by and subject to review by the Appropriations Committees of the Congress. The $2 billion for the standby program would be provided by giving the President authority to transfer money heretofore authorized for specific programs to those he might select.

Apart from any opinions about the need or desirability of Federal financing to provide employment, the Congress should be on notice that what is proposed here is a transfer of the power of the purse from the legislative branch of Government to the Executive. The language which would do this is found in paragraph (b) of section 9 at page 11 of the bill as reported

It will be noted that in an effort to meet this question when raised in committee, an amendment was adopted which would limit this power to certain selected unspent authorizations for funding. This should emphasize the nature of the proposal that is being made.

Originally, when this was pointed out, the language was wide open and would have permitted specific appropriations yet unobligated for such purposes as veterans hospitals, flood control projects, or heavy bombers to be transferred to the wide range of projects set forth in paragraph (b), section 9, page 10 of the bill, as introduced. Under questioning, Secretary Goldberg admitted this was possible and perhaps should be modified or restricted somewhat.

The inclusion of the "revolving funds," for instance, would have made it possible to take the money paid back by borrowers to the Farmers Home Administration into the FHA revolving fund and transfer it to the building of sidewalks in a depressed city. That did not appeal to the committee; a restricted list was asked for. They follow:

A. Selected list of estimated unobligated balances as of June 30, 1962

	Millions
International Bank for Reconstruction and Development	$5, 715
HHFA, all programs	[1] 8, 826
FDIC (borrowing authority)	3, 000
FSLIC (borrowing authority)	750
FHLS (borrowing authority)	1, 000
Total	19, 291

[1] Includes $2,390,000,000 of contract authority.

B. Second list of estimated unobligated balances as of June 30, 1962 (related programs)

	Millions
HHFA, all programs	[1] $8,826
Agriculture, FHA (rural housing)	353
Federal Deposit Insurance Corporation	3,000
FSLIC (Federal Savings & Loan)	750
FHLS (Federal Home Loan Bank)	1,000
DOD military construction:	
Air Force	157
Army	87
Navy	88
Total	14,261

[1] Includes $2,390,000,000 of contract authority.

C. Third list of estimated unobligated balances (covered in bill as reported) as of June 30, 1962

	Millions
International Bank for Reconstruction and Development	$5,715
HHFA (borrowing authority)	5,416
FDIC (borrowing authority)	3,000
FSLIC (borrowing authority)	750
FHLB (borrowing authority)	1,000
Total	15,881

Examination of the lists indicates that the reverse would now be true; namely, that under any of the restricted lists, funds available for building houses in towns or cities under situations previously judged by Congress to be worthy could now be transferred to sewage disposal projects, rural drainage or flood control projects, etc. Apparently even a borrowing authority of $3 billion to underwrite the guarantees of the Federal Deposit Insurance Corporation and $750 million to secure insured savings in the FSLIC could be drawn on to fund this program.

The members who subscribe to this statement of views want the Congress and the country to realize the principle that is here involved: even as restricted in the final (C) listing, almost $16 billion worth of specific fundings could be raided by selection of the President for spending on projects not specifically otherwise authorized.

It should be borne in mind, as well, that the raid to whatever extent it is conducted either would mean the denial of some spending proposed in the current budget proposals or the addition to the spending budget of the amounts used. The budget proposed by the administration was originally "in precarious balance." The tax bill as passed by the House put it out of balance. Any additional spendings, whether by the device proposed in section 9(b) or appropriated by regular processes, would throw the budget still further out of balance. So, this is deficit spending, made easier perhaps but by the same token more insidious and menacing through the device proposed in section 9(b) of S. 2965.

The language in the bill authorizing appropriations to restore the impaired borrowing authority extends the injury.

Note that a large part of these fundings are in the category of "borrowing authority" which generally means not merely deficit financing but the so-called back-door financing, the selling of obligations by the authorized agency to the Treasury and then requiring the funds that agency borrowed on the strength of its programs to be

available for transfer by the President to other programs, both authorized and not otherwise authorized.

This might be termed side-door financing or even slide-door financing—now you see it, now you don't.

Would any committee of the Congress directly agree that funds which it had made available for a well-considered program, once provided, should become subject to reappropriation by Presidential decree to programs under the jurisdiction of other committees? It does not seem possible; the thing can be done only if Members of the Congress are looking the other way or are so dazzled by the mirages of the New Frontier that they are temporarily entranced.

If some other committee were to venture to give to the President authority to take away from funds authorized by this committee for duly authorized public works projects, and transfer them to the fields of other committees, we think our committee would unanimously protest and resist. We do not think our committee under the persuasive magnetism of the President's special message of February 19 should do to other committees what it would not want done unto itself.

FRANCIS CASE.
WINSTON L. PROUTY.
HIRAM L. FONG.
J. CALEB BOGGS.
JACK MILLER.

SUPPLEMENTAL VIEWS OF MR. COOPER, MR. BOGGS, AND MR. FONG

We oppose the "standby" public works bill reported by the committee.

In the committee we moved that section 8, known as the Chavez amendment, be reported as the committee bill. Distinct from the $2 billion "standby" proposal, this section authorizes Congress to appropriate up to $600 million for civil works projects to relieve existing unemployment.

We moved to provide this program because this section defines the areas where unemployment is most serious, and provides criteria for the employment of persons who are in the greatest need. It is designed to give immediate help, and would enable projects to be started quickly.

Further, the method of providing funds for this section is clear. They would be provided in the regular way, through appropriations by the Congress. As this is a program limited to a period of 27 months following enactment of the bill, and to specified areas of high unemployment, there would be opportunity for the Congress to determine if this method is effective in relieving unemployment.

Our motion was defeated. We then voted against the committee "standby" public works bill. It is difficult to analyze a bill so vast in scope, and yet so vague in detail concerning its administration, financing, and purpose. But its defects stand out starkly and clearly.

First, we hold that it is unwise to commit in advance the Federal Government to an additional public works expenditure of $2 billion in the event of a recession. As is well known, there is responsible opinion that such a program will not be effective in stimulating the economy and substantially relieving unemployment. Reputable opinion holds that a tax cut, or the extension of unemployment insurance, would do more to stimulate recovery of the economy, increase employment opportunities, and provide permanent jobs than the loose spending of $2 billion authorized by this bill.

Second, the bill would disrupt the criteria and standards established by the Congress for Federal civil works programs. It would permit a change in the criteria of Federal loan programs, grant programs, and combined loan-grant programs which would reduce the proportion of the total cost that State and local governments are now required to pay. This would discriminate against communities which have been required to pay a larger proportion of the total cost, and would lead to demands that the Federal share of all future projects be increased.

Third, the bill authorizes a unique method of financing the spending of $2.6 billion. The $600 million authorized for section 8, the Chavez amendment, would require congressional appropriations in the regular way. But $2 billion would not require congressional approval through appropriation. The President and his delegates are authorized to transfer this amount to some new public works agency or any other

agency, taking the money from funds which the Congress has directed the Treasury to loan in particular circumstances to the Housing and Home Finance Agency, the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the Federal home loan banks, and to invest in the International Bank for Reconstruction and Development—and which the Congress has authorized the four Federal agencies to borrow from the Treasury for specific purposes.

These agencies would be required to turn over, to whatever agency is established to administer the expenditure of $2 billion, the funds the Congress has provided for their use, whether or not they desire to do so. The bill assumes that at some future date Congress would repay these agencies, by appropriations, the funds borrowed from them.

It must be emphasized that Congress, after consideration, has authorized the programs of these established agencies. Now, under the terms of this bill, the President and some unknown agency to be named by him would have the authority to take from these agencies funds which the Congress has made available to them for known programs, to be used upon a vast array of public works projects which will not be submitted to the Congress either for specific authorizations or for the appropriation of funds.

At least, the administration should ask for $2 billion in appropriations for its program, rather than asking the Congress to approve this vast money scheme.

We are concerned about unemployment. In our rapidly changing economy, we believe it likely that even at high levels of gross national product and personal income there will be a group of our fellow countrymen who will be unemployed. And in a rich and prosperous country—one which prides itself on its free enterprise—provision must be made to help people who cannot secure employment because their areas have been left behind by technological changes. Steps can be taken to meet this need over a period of years. But until retraining becomes effective, a temporary works program could be helpful.

We believe the Chavez amendment with some modifications can provide a better approach toward meeting this need than the oversize bill reported by the committee. It provides for works such as local streets, sidewalks, parking lots, parks, public buildings, and sewers which are not covered by existing Federal programs. These types of civil works are simpler than the usual Federal projects, could be started easier, could be distributed more widely in distressed areas, and would not disrupt or change the criteria of existing Federal programs to their certain detriment.

Further, because this bill proposes a new program, and no one knows whether it will be successful, it is more sensible to try a program of $600 million or less than to embark on a grandiose program of spending $2 billion of money borrowed from established agencies and programs.

It is our view that the best means of testing a public works program designed to relieve unemployment, and of determining its usefulness, is to limit the bill to the Chavez amendment and the sections needed to implement it.

JOHN SHERMAN COOPER.
J. CALEB BOGGS.
HIRAM L. FONG.

INDIVIDUAL VIEWS OF MR. MILLER

I regretfully find myself in disagreement with a majority of the committee with respect to both (1) the delegation by the legislative branch to the executive branch of power to spend $2 billion for a public works program on a so-called standby basis, and (2) the authorization of $600 million for an immediate public works program.

THE $600 MILLION IMMEDIATE PROGRAM

The President of the United States has promised the people a balanced budget for the next fiscal year. This promise was made with the realization that inflationary pressures generated by the $3 billion deficit for the last fiscal year and the estimated $8 billion deficit for the current fiscal year will cause a further loss in value of our money, a further increase in the cost of living, and a weakening of confidence on the part of foreign creditors leading to a further drain on our precariously low gold reserves.

The $600 million authorization for an immediate public works program was not included by the President in his budget. No witnesses before the committee provided assurance that the addition of the $600 million expenditure would not unbalance the President's budget. Indeed, due to unfavorable economic reports, there is serious doubt that the anticipated revenue on which the balanced budget was premised will materialize. To add to the spending requested by the budget would only make the situation worse.

It would seem that other items of Federal expenditure contained in the budget might have a lower priority than the $600 million immediate public works program contained in S. 2965. However, the President has not indicated which budget expenditure items, if any, should be eliminated or reduced to make room for this $600 million expenditure to help relieve the unemployment problem. If he would do so, it would do much to dismiss the inference now present that the $600 million expenditure lacks priority.

Although the proposed bill appears to contain safeguards against wasteful expenditures of Federal moneys by requiring that a project "meet an essential public need," testimony from the Director of the Area Redevelopment Administration reveals that once a local community has classified a project as a "need now" project, the only standard used at the Federal level is "first come, first served." Recognizing that the ARA has not had much time to perfect its procedures, it would seem that the terms "essential public need" and "need now" should be more meaningful in their application. For example, a so-called "need now" project submitted by one community may have only been "needed" for a year or two. Still, it would take priority over a "need now" project submitted later by another community even though it had been "needed" for 10 years.

If we believe in the capitalistic economic system which has provided the United States with the highest standard of living in the world, then

it is to private business that we must look for sustained job opportunities for the millions of unemployed who are walking the streets looking for jobs—not to federally aided public works projects. Proof positive of this was furnished by the Administrator of the Area Redevelopment Administration, who pointed out that economic recovery in the case of the Carbondale, Ill., ARA project related to private business, "which is providing permanent jobs"; whereas the "public facility" projects envisioned by the $600 million immediate public works program "do not have as much benefit as the loan in the Carbondale area, which was to a private business."

But continued serious deficits, loss in value of our money, increased costs of living leading to demands for wage increases, squeezes on profits which would otherwise provide capital investment required for business expansion, and new job opportunities—these factors discourage private business. Indeed, private investment in fixed assets dropped $1 billion during the calendar year 1961. So the President's promise of a balanced budget was clearly in the national interest. More important is delivery on that promise, and I, for one, do not propose to take action which will prevent him from doing so.

THE $2 BILLION "STANDBY" PROGRAM

The $2 billion so-called standby authority provided by the bill represents a further delegation of powers by the legislative branch to the executive branch of the Federal Government. It is true that a "standard" is proposed in the bill which must be achieved before the executive branch can exercise this additional power. However, once that "standard" is achieved, the tremendous expenditure of $2 billion is "triggered" and there is no possibility of recall by the Congress—regardless of what situations may develop. The "standard" is merely an increase in the national unemployment rate by 1 percent within a 3- to 9-month period.

The question naturally arises, Why delegate this power to the executive branch? It would seem that if a 3- to 9-month period is involved, Congress would be in session and could determine whether, considering all relevant factors at that time including the unemployment rate, such a public works program should be entered into. For example, it is well known that employment generated by private business expansion does not happen overnight. Months of planning and building are required first. It would be foolish to trigger off a $2 billion Federal expenditure shortly before the increased employment generated by such business activity cut into the unemployment rate. Another example would be an artificial unemployment rate increase which resulted from a major strike, with its chain reaction in related industries. It would be unwise to trigger off a $2 billion Federal expenditure shortly before the strike was settled. If the unemployment rate should fall to, say, 3½ percent, and then within 9 months thereafter rise to 4½ percent (which is much less than the present 5½-percent rate), should a $2 billion Federal expenditure be triggered? If the present 5½-percent rate is not so severe as to cause the Congress to authorize an immediate $2 billion public works program today, isn't it inconsistent to provide the executive branch with the power to put such a program into effect when the rate is 4½ percent?

If it is suggested that Congress might not be in session when unemployment reaches a critical stage, the answer is that it would be far better to have the President call a special session of Congress to consider the merits of such a program than to further dilute the power and responsibility of the legislative branch of the Government, as this bill would do.

JACK MILLER.

ADDITIONAL VIEWS OF MR. PROUTY

President John F. Kennedy has declared that we are "making a strong recovery from the recession."

I disagree.

George Meany, president of the AFL–CIO, brought sharply to focus the fact that each recent recession has left a large number of workers stranded, and "this one is the worst of all."

Walter Reuther echoed these sentiments in an appearance before the Joint Economic Committee. He called the present economic situation "a shocker." Nine months after the trough of the current recession, he stated, unemployment had been cut only 7.3 percent, contrasted with 20 to 30 percent in previous recoveries.

The chart below demonstrates beyond question that our present recovery is the slowest recovery from any postwar recession.

Changes in employment and unemployment 1 year after postwar recession low points

Recession	Gross national product	Total employment	Nonfarm wage and salary jobs	Unemployment	Unemployment rate [1]
		Percent	*Percent*	*Percent*	*Percent*
1961	+8.4	+1.8	+2.3	−20.4	5.6
1958	+9.9	+3.3	+4.6	−29.2	5.2
1954	+9.8	+5.1	+4.7	−26.3	4.3
1949	+13.2	+4.9	+8.7	−45.7	4.1

[1] Unemployment rates 12 months after recession low point.

Further evidence of economic difficulties may be found in housing foreclosures. Foreclosures rose to 73,000 in 1961, an increase from 51,300 in 1960, and highest for the postwar period. More people are finding it impossible to make mortgage payments now than at any time during the last 20 years.

I am sure that the 4½ million unemployed Americans would agree with the words of an old campaigner that it is time to get this country moving again.

We now come to a consideration of the committee-reported bill.

This represents the longest reach for Executive power I have ever witnessed.

Its provisions are so incredible and constitute such a grasp by the Executive for legislative power that I am unable to persuade myself that the President is familiar with the bill in its entirety.

The committee-reported measure would permit the President to spend $1,850 million to finance projects never authorized by Congress. It would further permit the President to raid to the extent of $2 billion the unobligated blances of funds never intended for public works.

It should be kept clearly in mind that the President wears three hats. He is at once the Chief Executive of this Nation, the Commander in Chief of the Armed Forces, and the head of his political

party. Is the Presidency now so large and the Congress so small that the Members of the House and Senate are willing to think lightly of their oath and discard their legislative hat?

We like to think of ourselves as having a government of laws and not of men, but is this really so?

The committee-reported bill places no limitation on the President as to how the public works projects should be apportioned among the various States. He may spend all of the money within a few States of his own choosing. Marginal districts which could go either way in a congressional election may find themselves the sudden recipients of Federal largesse at key times in key campaigns.

It should also be noted that the executive branch may make grants directly to municipalities for projects never contemplated by Congress. This makes possible tidy arrangements between big city bosses and the Federal administration completely circumventing the gubernatorial office in the State. Think of how this power could be utilized in a large State which has a potential Republican presidential aspirant for its Governor and a Democratic mayor of its largest city.

Regrettably there is no requirement in the bill which gives a priority to those projects which will promote employment after completion. If a project provides jobs for workers only during actual construction, the terms of the bill are satisfied, even though the needs of the jobless are not.

The maximum impact that the $600 million immediate program could have would be to hike employment by about 225,000 jobs. The bill would have no important effect on well over 4 million other Americans who still look forward to the day when they can take home a weekly paycheck.

It is not my intention simply to oppose the committee bill. I plan to offer a constructive alternative which is in keeping with the traditional relationship between Congress and the President and which would extend aid to the unemployed, completely divorced from political considerations.

WINSTON L. PROUTY.

SEPARATE VIEWS OF MR. GRUENING

I voted to report favorably S. 2965 providing for both a standby program of public works and an immediate program of public works for which an appropriation of $600 million was authorized.

It is my belief that much more than the authorized $600 million is needed and could usefully be used to put the unemployed back to work.

In a statement distributed to the members of the Public Works Committee, I stated:

> On March 27, 1962, the able and distinguished Senator from New Mexico, Mr. Chavez, introduced an amendment to S. 2965, a bill to provide standby authority to accelerate public works program of the Federal Government and State and local public bodies. The amendment would authorize the appropriation of $600 million for an immediate public works program.
>
> I commend the Senator from New Mexico for his foresight in submitting such an amendment.
>
> However, the amount is, in my opinion, hardly sufficient to meet the economic strain now being experienced in certain areas of the Nation.
>
> Accordingly, I now offer an amendment to the amendment of the Senator from New Mexico, raising the amount authorized to be appropriated for a program of immediate public works to the same amount authorized to be appropriated for foreign economic assistance.
>
> It does seem to me that we should be willing to spend at least as much at home to take care of our own economically distressed areas as we are willing to spend abroad for aiding foreign economically distressed areas.
>
> My amendment does not, I admit, do equal justice as between foreign and domestic programs. Under the amendment proposed by the Senator from New Mexico, Mr. Chavez, only one appropriation is authorized, namely, the sum of $600 million. Under my amendment, the limit of this one-time appropriation would be raised to the limit authorized in the Foreign Assistance Act of 1961 for the Development Loan Fund (sec. 202), the development grants and technical cooperation (sec. 212), supporting assistance (sec. 402), and contingency fund (sec. 451). Under the Foreign Assistance Act of 1961, there is authorized to be appropriated for the fiscal year 1962 and the 4 succeeding fiscal years the total sum of $7.5 billion. My proposal is much more modest. In setting the limit to the amount that would be authorized for our immediate public works program, I have used only the figure of $1.5 billion—the amount authorized for the fiscal year 1963 only.

My amendment would increase the amount authorized to be appropriated for the immediate public works program to $2,645 million, computed as follows:

Sec. 202—Development Loan Fund	$1, 500, 000, 000
Sec. 212—Development grants	380, 000, 000
Sec. 401—Supporting assistance	465, 000, 000
Sec. 451—Contingency fund	300, 000, 000
Total	2, 645, 000, 000

In proposing this increase in the amount authorized to be appropriated, I have used only the authorizations contained in the Foreign Assistance Act of 1961. I have not considered the amounts of U.S. funds made available abroad through such lending agencies as the World Bank, Export-Import Bank, Inter-American Development Bank, etc. Billions of American dollars have been and are being channeled abroad through these agencies. In many cases, the so-called loans are not loans at all but grants.

In my humble opinion, no situation is more tragic than that of men and women unemployed who wish to work and cannot find it. In my humble opinion, no situation is more paradoxical than that this wealthiest country on earth, which has poured out $100 billion in the last decade and a half to help foreign countries, and proposes to spend even greater sums in the future for the same purpose, cannot meet its primary obligation to its own people.

I am merely proposing, by this amendment, to offer a fraction for the relief of economic distress and the creation of employment for our fellow Americans of what we have been doing or are asked to do—and will doubtless continue to do—in far larger measure for inhabitants of 100 foreign countries.

My amendment is as follows:

On page 2, line 24, delete the words "the sum of $600,000,000" and insert in lieu thereof the following:

"the same amounts authorized to be appropriated for foreign economic assistance under the provisions of sections 202 (for the fiscal year 1963), 212, 401, and 451 of the Foreign Assistance Act of 1961, as amended".

In order to insure prompt action on this vitally needed measure by the Senate, I did not press my amendment in committee but must reserve my position on the amount authorized for an immediate program of public works when this bill is considered in the Senate.

ERNEST GRUENING.

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Calendar No. 1321

87TH CONGRESS
2D SESSION

S. 2965

[Report No. 1358]

IN THE SENATE OF THE UNITED STATES

MARCH 8, 1962

Mr. CLARK (for himself, Mr. MCCARTHY, Mr. PELL, and Mr. RANDOLPH) introduced the following bill; which was read twice and referred to the Committee on Public Works

APRIL 25, 1962

Reported by Mr. CHAVEZ, with amendments

[Omit the part struck through and insert the part printed in italic]

A BILL

To provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Standby Public Works
4 Act of 1962".

5 FINDINGS AND PURPOSE

6 SEC. 2. The continuing policy and responsibility of the
7 Federal Government is to use all practicable means, consist-
8 ent with other essential considerations of national policy, to
9 promote maximum employment, production, and purchasing
10 power. The Congress finds that there have been periodic
11 intervals when severe unemployment and loss of production

1 and purchasing power have occurred and that repetition of
2 these periods of severe unemployment and loss of production
3 and purchasing power can be avoided, or their impact less-
4 ened, by prompt remedial action by the Federal Govern-
5 ment as authorized in this Act. The Congress also finds that
6 virtually every community in the Nation has a backlog of
7 needed public works projects, and that an acceleration of
8 these projects ~~during such intervals~~ will not only increase
9 employment and expenditures at a time when such action
10 is most urgently required, but will also meet longstanding
11 public needs, improve community services, and enhance the
12 health and welfare of the citizens of the Nation.

13 It is the purpose of this Act to provide standby authority
14 which will enable the President to take quick and effective
15 action to stimulate the economy by inaugurating a program
16 of needed public works when unemployment indicators and
17 other economic data clearly reveal that extraordinary action
18 is needed to assure achievement of the objectives stated
19 above, and to provide the President in such ~~periods~~ *period*
20 with authority (1) to immediately increase expenditures for
21 direct Federal programs of public works previously author-
22 ized by law, and (2) to furnish an incentive to State and
23 local governmental bodies to accelerate their public works
24 programs through the initiation of projects which can be
25 begun promptly and completed over a reasonably short

period of time. It is the further intent and purpose of the Congress that departments and agencies of the Federal Government shall make advance plans for public works projects that will enable them to act promptly when the President initiates the program authorized by this Act, and that the Federal Government shall assist and encourage the States and local governmental bodies, under the provisions of existing law, to make advance plans for public works projects.

In addition, the Congress finds that (A) certain communities and areas of the Nation are presently burdened by substantial unemployment and underemployment and have failed to share fully in the economic gains of the recovery from the recession of 1960–1961 and (B) action by the Federal Government is necessary, both to provide immediate useful work for the unemployed and underemployed in these communities and to help these communities, through improvement of their facilities, to become better places in which to live and work. It is the intent and purpose of the Congress to provide for an immediate program of assistance for capital improvements in those areas.

STANDBY PUBLIC WORKS ACCELERATION ~~PERIODS~~ *AUTHORITY*

SEC. 3. ~~(a)~~ The President is authorized to proclaim *a* public works acceleration ~~periods~~ *period* and exercise during such ~~periods~~ *period* the powers conferred upon him by this

Act. ~~A~~ *Such* public works acceleration period may be proclaimed—

~~(1) within sixty days after the date when data compiled and published by the Department of Labor reveal that the national unemployment rate adjusted for seasonal variations and stated to the nearest one-tenth of 1 per centum of the civilian labor force, (i) has risen in three of the four, or in four of the six, most recent consecutive months for which such data are available, and (ii) has risen by not less than 1.0 percentage point measured from the month immediately preceding such four- or six-month period to the last month of the period, and~~

(1) within sixty days after the date when data compiled and published by the Department of Labor reveal that the national unemployment rate adjusted for seasonal variations and stated to the nearest one-tenth of a percent of the civilian labor force has risen by 1.0 percentage point over a period of nine months or less, but not less than three months; and

(2) after the President has determined that existing employment and unemployment indicators and other available economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives of this Act.

~~A~~ *Such* public works acceleration period shall begin on the day specified in the President's proclamation hereunder and shall terminate whenever the President finds and declares that the need for the program authorized by this Act no longer exists. ~~Any~~ *Such* public works acceleration period proclaimed by the President shall automatically terminate ~~twelve~~ *twenty-seven* months after initiated unless ~~extended by joint resolution of the Congress~~ *terminated earlier as provided in the preceding sentence.* No funds provided under section ~~9~~ *10* (b) shall be obligated after termination of such public works acceleration period.

~~(b) No new public works acceleration period shall be proclaimed within the six-month period immediately following the date of termination of a prior public works acceleration period.~~

ACCELERATION OF FEDERAL PROJECTS

SEC. 4. In addition to the authority otherwise available to him, the President, during the existence of ~~a~~ *the* public works acceleration period, may for the purpose of this Act, direct the departments and agencies of the executive branch, under such rules and regulations as he may prescribe, to accelerate existing Federal public works projects and programs or to initiate new projects and programs already authorized by law. Any such department or agency may use for such projects and programs funds made available

1 pursuant to section ~~9~~ *10* of this Act, in amounts prescribed
2 from time to time by the President: *Provided,* That the
3 aggregate of all funds prescribed by the President for the
4 purposes of this section shall not exceed the applicable
5 limitation in section ~~9~~ *10* (b).

6 ACCELERATION OF EXISTING FEDERAL GRANT PROGRAMS

7 SEC. 5. During the existence of ~~a~~ *the* public works ac-
8 celeration period, the President may direct the departments
9 and agencies of the executive branch to make grants, upon
10 application and under such rules and regulations as they may
11 prescribe, ~~to States, municipalities, local public bodies, and~~
12 ~~nonprofit organizations,~~ to finance the initiation or accelera-
13 tion of public works projects and programs for which Federal
14 grants ~~to such bodies and organizations~~ are authorized by the
15 Congress and under the terms and conditions prescribed by
16 the Congress: *Provided,* That no grant under this section
17 shall be subject to any limitation in other laws with respect to
18 the apportionment of funds, the time in which grants may be
19 made, or the aggregate dollar amounts of grants for any
20 prescribed purpose, project, or program: *And provided*
21 *further,* That notwithstanding any limitation in other laws
22 requiring a grant to be less than 50 per centum of the cost
23 of undertaking or completing a project or program, *in the case*
24 *of those projects or programs which qualify under standards*
25 *established by the President applying uniformly to all similar*

1 *areas,* grants may be made under the authority of this section
2 which bring the total of Federal grants available for such
3 projects or programs up to 50 per centum of the cost of
4 undertaking or completing such project or program. *For*
5 *the purpose of this section the term "grant" shall be deemed*
6 *to include a loan under part H of title VI of the Public*
7 *Health Service Act.* Any department or agency may use
8 for projects and programs authorized under this section funds
9 made available pursuant to section ~~9~~ *10* of this Act, in
10 amounts prescribed from time to time by the President:
11 *Provided,* That the aggregate of all funds prescribed by the
12 President for the purpose of this section shall not exceed the
13 applicable limitation in section ~~9(b)~~ *10(b).*

14 GRANTS FOR PUBLIC WORKS PROJECTS NOT ELIGIBLE UNDER
15 EXISTING PROGRAMS

16 SEC. 6. (a) During the existence of ~~a~~ *the* public works
17 acceleration period, the Housing and Home Finance Admin-
18 istrator, or such agency or officer of the Federal Government
19 as he may designate, is authorized, upon application and
20 under such rules and regulations as he shall prescribe, to
21 make grants to States, municipalities, and local public bodies
22 to finance the initiation or acceleration of public works proj-
23 ects and programs which are not eligible for grants under
24 other Acts of Congress.

25 (b) The Administrator may use for grants authorized

under this section funds made available pursuant to section ~~9~~ *10* of this Act, in amounts prescribed from time to time by the President: *Provided,* That the aggregate of all funds prescribed by the President for the purposes of this section shall not exceed the applicable limitation in section ~~9~~ *10* (b).

(c) The amount of any grant made under the authority of this section shall not exceed 50 per centum of the cost of undertaking and completing the project or program for which the grant is made.

FEDERAL LOANS

SEC. 7. (a) During the existence of ~~a~~ *the* public works acceleration period, the Housing and Home Finance Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to purchase the securities and obligations of, or make loans to, States, municipalities, local public bodies, ~~and non-profit organizations~~ *and any private or public nonprofit organization or association representing any redevelopment area, as defined in the Area Redevelopment Act,* which otherwise would be unable to meet their share of the cost of projects and programs for which grants have been authorized pursuant to sections 5 and 6 of this Act.

(b) All securities and obligations purchased and all loans made under this section shall be of such sound value

1 or so secured as reasonably to assure retirement or repay-
2 ment, and such loans may be made either directly or in
3 cooperation with banks or other financial institutions through
4 agreements to participate or by the purchase of participa-
5 tions or otherwise.

6 (c) No securities or obligations shall be purchased and
7 no loans shall be made including renewals or extensions
8 thereof which have maturity dates in excess of forty years.

9 (d) Financial assistance extended under this section
10 shall bear interest at a rate determined by the Administrator
11 which shall be not more than the higher of (A) 3 per centum
12 per annum, or (B) the total of one-half of 1 per centum per
13 annum added to the rate of interest required to be paid on
14 funds obtained for the purposes of this section as determined
15 by the Secretary of the Treasury as provided under subsec-
16 tion (e) of this section.

17 (e) The Administrator may use for loans authorized
18 under this section funds made available pursuant to section ~~9~~
19 *10* of this Act, in amounts prescribed from time to time by
20 the President: *Provided,* That the aggregate of all funds
21 prescribed by the President for the purposes of this section
22 shall not exceed the applicable limitation in section ~~9~~ *10* (b) :
23 *And provided further,* That funds obtained by the Admin-
24 istrator for the purposes of this section shall bear interest at

1 a rate determined by the Secretary of the Treasury which
2 shall be not more than the higher of (1) $2\frac{1}{2}$ per centum per
3 annum, or (2) the average annual interest rate on all in-
4 terest-bearing obligations of the United States then form-
5 ing a part of the public debt as computed at the end of the
6 preceding fiscal year and adjusted to the nearest one-eighth
7 of 1 per centum.

8 *IMMEDIATE AID TO AREAS OF SUBSTANTIAL UNEMPLOY-*
9 *MENT*

10 *SEC. 8. (a) In areas currently designated by the Sec-*
11 *retary of Labor as having been areas of substantial unem-*
12 *ployment in each of at least nine of the twelve immediately*
13 *preceding months, and in areas currently designated as "re-*
14 *development areas" pursuant to the Area Redevelopment Act,*
15 *projects or programs otherwise authorized to be assisted under*
16 *sections 4, 5, 6, and 7 of this Act may be assisted thereunder,*
17 *with funds made available under this section, without regard*
18 *to the provisions in those sections and section 3 requiring the*
19 *proclamation and existence of the public works acceleration*
20 *period and without regard to any limitation on the aggregate*
21 *amount of funds which may be prescribed by the President*
22 *for the purposes of any such section. For the purposes of this*
23 *section there is hereby authorized to be appropriated the sum*

1 *of $600,000,000 which may be allocated by the President*
2 *among sections 4, 5, 6, and 7 of this Act.*
3 *(b) The President shall prescribe rules, regulations,*
4 *and procedures which will assure that adequate consideration*
5 *is given to the relative needs of the areas eligible for assist-*
6 *ance. In prescribing such rules, regulations, and procedures,*
7 *the President shall consider among other relevant factors:*
8 *(1) the severity of the rates of unemployment in eligible*
9 *areas and the duration of such unemployment, and (2) the*
10 *income levels of families and the extent of underemployment*
11 *in eligible areas.*
12 *(c) In the case of those projects or programs which*
13 *qualify under standards established by the President apply-*
14 *ing uniformly to all similar areas, if the President deter-*
15 *mines that an area suffering unusual economic distress (be-*
16 *cause of a sustained extremely severe rate of unemployment*
17 *or an extremely low level of family income and severe under-*
18 *employment) does not have economic and financial capacity*
19 *to assume all of the additional financial obligations required,*
20 *a grant otherwise authorized pursuant to sections 5 and 6 for*
21 *a project or program in such area may be made without*
22 *regard to any provision of law limiting the amount of such*
23 *grant to a fixed portion of the cost of the project or program,*

but the recipient of the grant shall be required to bear such portion of such cost as it is able to and in any event at least 10 per centum thereof.

RESTRICTIONS AND LIMITATIONS

SEC. ~~8~~ *9*. The authority conferred by this Act shall be subject to the following restrictions and limitations:

(a) No financial assistance shall be made with respect to any project or program unless the project or segment of work, to be assisted under this Act—

(1) can be initiated or accelerated within a reasonably short period of time;

(2) will meet an essential public need;

(3) if initiated hereunder, can be completed within ~~twelve~~ *eighteen* months after initiation, *but not later than the termination of the public works acceleration period, or in the case of projects under section 8, not later than twenty-seven months after the date of enactment of this Act*;

(4) will contribute significantly to the reduction of unemployment; and

(5) is not inconsistent with locally approved comprehensive plans for the jurisdictions affected, wherever such plans exist.

~~(b) Not more than 12½ per centum of the funds pro-~~

1 ~~vided for in the form of grants pursuant to sections 5 and 6~~
2 ~~of this Act shall be made available within any one State.~~
3 *(b) In the choice of projects and programs, preference*
4 *shall be given to areas within States in which unemployment*
5 *is above the national average or in which family income is*
6 *below the national average, but assistance shall not be limited*
7 *to such areas, and not more than 12½ per centum of the*
8 *aggregate funds provided for projects and programs pur-*
9 *suant to sections 4, 5, 6, and 7 of this Act shall be made*
10 *available within any one State.*
11 (c) Each department or agency administering financial
12 assistance authorized by this Act shall adopt such rules, regu-
13 lations, and procedures as will assure that no such assistance
14 shall be made available to any State, municipality, local pub-
15 lic body, or nonprofit organization unless such project or
16 program for which the assistance is granted produces a net
17 increase in the expenditures of the State, municipality, local
18 public body, or nonprofit organization for public works proj-
19 ects approximately equal to the non-Federal contribution to
20 the project or program.
21 APPROPRIATIONS AND INTERIM FINANCING
22 SEC. ~~9~~ *10.* (a) There are hereby authorized to be appro-
23 priated such sums as may be necessary to carry out the pro-
24 visions of this Act.

1 (b) In order to expedite financing activities under this
2 Act, the President may, during the existence of ~~any~~ *the*
3 public works acceleration period, cause the unobligated bal-
4 ances of ~~appropriations, contract authorizations, revolving~~
5 ~~funds, and other authorizations to expend from public or~~
6 ~~corporate debt receipts available to the departments and~~
7 ~~agencies of the executive branch to be transferred to the~~
8 ~~appropriate accounts of such other departments and agencies~~
9 *authorizations to expend from public debt receipts available*
10 *for the Housing and Home Finance Agency, for loans to the*
11 *Federal Savings and Loan Insurance Corporation, for loans*
12 *to the Federal Deposit Insurance Corporation, for the pur-*
13 *chase of obligations issued by the Federal Home Loan Banks,*
14 *and for payment of the subscription of the United States to*
15 *the International Bank for Reconstruction and Development,*
16 *which are estimated to be in excess of the amount needed in*
17 *the current fiscal year for obligation or expenditure for the*
18 *purposes for which they were made available (but not the*
19 *balances of trust funds), to be transferred to the appropriate*
20 *accounts of any such agency or other department or agency*
21 in such amounts and at such times as he may deem appro-
22 priate and, notwithstanding the provisions of any other law,
23 such transferred balances may be used for the purposes of
24 this Act: *Provided,* That there are hereby authorized to be
25 appropriated such amounts as may be required to restore

1 such transferred balances not otherwise restored to the
2 sources of funds from which they were derived: *And pro-*
3 *vided further,* That the aggregate amount of such unobligated
4 balances transferred during ~~any capital improvement~~ *such*
5 *public works acceleration* period shall not exceed (i) $750.-
6 000,000 for the purpose of financing projects authorized
7 to be assisted under section 4 of this Act, (ii) $750,000,000
8 for the purpose of financing projects authorized to be assisted
9 under sections 5 and 6 of this Act, as allocated between said
10 sections by the President, (iii) $250,000,000 for the pur-
11 pose of financing projects authorized to be assisted under
12 section 7 of this Act, and (iv) $250,000,000 to supplement
13 funds available for sections 4, 5, 6, and 7 of this Act, as
14 allocated among said sections by the President.

15 ADVANCES FOR PUBLIC WORKS PLANNING

16 SEC. ~~10~~ *11.* Section 702 of the Housing Act of 1954 is
17 amended by striking out in subsection (e) "July 1, 1961;"
18 and the remainder of the subsection, and inserting in lieu
19 thereof, "July 1, 1961; and such additional sums which may
20 be made available from year to year thereafter."

21 LABOR STANDARDS

22 SEC. ~~11~~ *12.* All laborers and mechanics employed by
23 contractors or subcontractors on projects and programs as-
24 sisted under section 6 of this Act shall be paid wages at rates
25 not less than those prevailing on similar construction in the

1 locality as determined by the Secretary of Labor in accord-
2 ance with the Davis-Bacon Act, as amended (40 U.S.C.
3 276a—276a-5), and every such employee shall receive com-
4 pensation at a rate not less than one and one-half times his
5 basic rate of pay for all hours worked in any workweek in
6 excess of eight hours in any workday or forty hours in the
7 workweek, as the case may be. No such project or program
8 shall be approved without first obtaining adequate assurance
9 that these labor standards will be maintained upon the con-
10 struction work. The Secretary of Labor shall have, with
11 respect to the labor standards specified in this provision, the
12 authority and functions set forth in Reorganization Plan
13 Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5
14 U.S.C. 133z-15), and section 3 of the Act of June 13,
15 1934, as amended (48 Stat. 948, as amended; 40 U.S.C.
16 276c).

17 DELEGATION OF POWERS

18 SEC. ~~12~~ *13*. The President may exercise any functions
19 conferred upon him by this Act through such agency or offi-
20 cer of the United States Government as he shall specify.
21 The head of any such agency or such officer may from time to
22 time promulgate such rules and regulations as may be neces-
23 sary to carry out such functions, and may delegate authority
24 to perform any such functions, including, if he shall so
25 specify, the authority successively to redelegate any of such

1 functions. Nothing contained in this section shall authorize
2 the President to delegate the power to proclaim or termi-
3 nate ~~a~~ *the* public works acceleration period.

4 DEFINITIONS

5 SEC. ~~13~~ *14*. As used in this Act—

6 (a) The term "State" means the several States, the
7 District of Columbia, the Commonwealth of Puerto Rico,
8 and the territories and possessions of the United States.

9 (b) The term "local public body" includes public
10 corporate bodies or political subdivisions; public agencies or
11 instrumentalities of one or more States, municipalities, ~~or~~
12 *counties, or other* political subdivisions of States; Indian
13 tribes, and boards or commissions established under the laws
14 of any State to finance specific public works projects.

15 (c) The term "public works" includes the construction,
16 repair, and improvement of: public streets, sidewalks, high-
17 ways, parkways, bridges, parking lots, airports, and other
18 public transportation facilities; public parks and other public
19 recreational facilities; public hospitals, rehabilitation and
20 health centers, and other public health facilities; public refuse
21 and garbage disposal facilities, water, sewage, sanitary facili-
22 ties, and other public utility facilities; civil defense facilities;
23 public police and fire protection facilities; public educational
24 facilities, libraries, museums, offices, laboratories, employee
25 housing, and other public buildings; and public land, water,

1 timber, fish and wildlife, and other conservation facilities and
2 measures.
3 (d) The term "project" includes a separable, usable
4 feature of a larger project or development.
5 (e) The term "segment of work" means a part of a
6 program on which the work performed can be separately
7 identified by location and will provide usable benefits or
8 services.

Calendar No. 1321

87TH CONGRESS
2D SESSION

S. 2965

[Report No. 1358]

A BILL

To provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

By Mr. CLARK, Mr. MCCARTHY, Mr. PELL, and Mr. RANDOLPH

MARCH 8, 1962

Read twice and referred to the Committee on Public Works

APRIL 25, 1962

Reported with amendments

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION OF THE TOMPKINS COUNTY, N.Y., POMONA GRANGE

Whereas the recent action of Congress and the Secretary of Agriculture in cutting the support price on milk to $3.11 per hundredweight has worked a great hardship on New York State dairymen: Be it therefore

Resolved, That the Tompkins County, N.Y., Pomona Grange, at the recommendation of its agricultural committee does earnestly urge the Agricultural Committees of the House of Representatives and the Senate of the United States to reconsider their decision to discontinue the dairy products supports at the 1961 level, and to institute the 1961 price support in dairy products until April 1, 1963; and be it further

Resolved, That these committees and the Department of Agriculture be urged to make every possible effort to develop and provide a more effective dairy program for the price year beginning April 1, 1963.

The resolution was approved and ordered to be communicated to the following: the Honorable Jacob Javits, U.S. Senator; the Honorable Kenneth Keating, U.S. Senator; the Honorable Howard Robinson, Member of Congress; Worthy Master Russel Curtis, New York State Grange; Worthy Master Herschel Newsom, the National Grange; the secretaries of each subordinate grange in Tompkins County; and the agricultural committees of each Pomona grange in New York State.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS—REPORT OF A COMMITTEE (S. REPT. NO. 1358)

Mr. CHAVEZ. Mr. President, from the Committee on Public Works, I report favorably, with amendments, the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies, and I submit a report thereon.

The bill as reported would provide the President of the United States with standby authority to carry forward a $2 billion program of public works when certain specified conditions of unemployment occur. Once the program is triggered it would automatically be terminated in 27 months. Projects initiated thereunder must be such that they can be completed within 18 months or within the 27-month period. The bill would limit the source of funds available for the standby program in order not to impair the operations of those agencies to whom the funds are available.

The bill provides for an immediate program of public works in the amount of $600 million and would make eligible for participation redevelopment areas pursuant to the Area Redevelopment Act, and areas designated by the Secretary of Labor as having been areas of substantial unemployment in 9 of the 12 immediate 12 preceding months. The total number of areas eligible to participate in the immediate program would amount to 1,006. The financing of this program would be through direct appropriations and would terminate 27 months after enactment. Projects to be constructed under this program would also be those which could be completed in 18 months or within the 27-month period.

The PRESIDING OFFICER. The report will be received and printed, and the bill will be placed on the calendar.

Mr. MANSFIELD subsequently said: Mr. President, for the Senator from New Mexico [Mr. CHAVEZ], I ask unanimous consent that the minority, supplemental, individual, additional, and separate views, accompanying the report on Senate bill 2965, reported from the Committee on Public Works, be printed in connection with the majority report.

The PRESIDING OFFICER. Without objection, it is so ordered.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DIRKSEN (for Mr. HICKENLOOPER):

S. 3209. A bill for the relief of Norma T. Sadumiano;

S. 3210. A bill for the relief of Alicia A. Basco; and

S. 3211. A bill for the relief of Elena A. Basco; to the Committee on the Judiciary.

By Mr. CASE of South Dakota:

S. 3212. A bill to amend subsection (c) of section 303 of the Communications Act of 1934, with respect to the hours of operation of certain broadcasting stations; to the Committee on Commerce.

By Mr. JACKSON:

S. 3213. A bill for the relief of Jette Lee Luellen; to the Committee on the Judiciary.

By Mr. HART:

S. 3214. A bill for the relief of Modesta Alzate Ogoy; and

S. 3215. A bill for the relief of Kim Chong Koo; to the Committee on the Judiciary.

By Mr. HARTKE:

S. 3216. A bill to repeal section 13a of the Interstate Commerce Act; to the Committee on Commerce.

By Mr. BUSH:

S. 3217. A bill to provide Federal assistance for the establishment, expansion, and improvement of programs of technical education at the college level; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. BUSH when he introduced the above bill, which appear under a separate heading.)

By Mr. CASE of New Jersey:

S. 3218. A bill to require compliance with the provisions of the Davis-Bacon Act in the performance of lease and lease-purchase agreements entered into by the Post Office Department, and for other purposes; to the Committee on Public Works.

(See the remarks of Mr. CASE of New Jersey when he introduced the above bill, which appear under a separate heading.)

By Mr. CLARK:

S. 3219. A bill to amend the Civil Service Retirement Act to provide that annuities payable for disability retirement shall be 60 percent of the average salary, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. CARLSON:

S. 3220. A bill to provide for the establishment of Fort Larned as a National Historic Site, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. DIRKSEN:

S.J. Res. 180. Joint resolution to provide wartime benefits for members of the Armed Forces of the United States who are subjected to hostilities in any foreign country, and for other purposes; to the Committee on Armed Services.

(See the remarks of Mr. DIRKSEN when he introduced the above joint resolution, which appear under a separate heading.)

By Mr. KEFAUVER (for himself and Mr. DODD):

S.J. Res. 181. Joint resolution proposing an amendment to the Constitution of the United States providing for representation of the District of Columbia in the Congress; to the Committee on the Judiciary.

(See the remarks of Mr. KEFAUVER when he introduced the above joint resolution, which appear under a separate heading.)

TECHNICAL EDUCATION ACT OF 1962

Mr. BUSH. Mr. President, I introduce a proposed Technical Education Act of 1962 and ask that the bill be appropriately referred.

Mr. President, I ask unanimous consent that a statement I have prepared in explanation of the bill may be printed in the RECORD following these remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 3217) to provide Federal assistance for the establishment, expansion, and improvement of programs of technical education at the college level, introduced by Mr. BUSH, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The statement presented by Mr. BUSH is as follows:

STATEMENT OF SENATOR BUSH

I have today introduced a bill intended to help reduce unemployment and eliminate a critical shortage of semiprofessional technicians in engineering and other fields essential to national security and economic growth.

The successful launching by the Soviet Union of its first sputnik in 1957 unleased a torrent of self-criticism and self-examination in this country. We were told that the nature and quality of American education was not good enough for the space age. Soviet schools, critics said, were turning out many more scientists and engineers than our own.

It has been pointed out with less frequency that the Soviet Union also has been turning out many more semiprofessional engineering and scientific technicians in order to overtake the United States in technology and science. These technicians are a vital part of any engineering and scientific team.

The technician's role often has been compared to that of the chief petty officer in the Navy. Possessing theoretical knowledge and not simply craft skills, the technician can serve as the good right arm of the scientist or the engineer. He often acts as liaison man between the professional and the craftsman and permits our inadequate supply of scientists and engineers to do more of the vital work which only they can accomplish. Without well-trained, competent semiprofessional personnel, John Glenn could not have made his spectacular orbital flight, nor could we be planning today for this Nation's first moon shot. However, shortages of trained technical personnel threaten to create a serious bottleneck to scientific progress on all fronts.

There is another reason—less dramatic but equally important—why an expanding pool of technical personnel is important to our country. Automation is steadily reducing our need for unskilled and semiskilled workers while increasing our requirements for

highly trained people to meet the demands of the new technology. Compared to a national unemployment rate in February of this year of 5.6 percent, unemployment was 17.6 percent among nonfarm laborers and 9.1 percent among operatives or blue-collar workers. At the same time, the unemployment rate among professional and technical personnel was only 1.8 percent.

Yet, as our need increases for trained personnel in space technology, in the other sciences and in industry, we face a serious shortage, not just of engineers and scientists, but also of semiprofessional technicians.

It has been pointed out that we should be training one engineering technician for each graduate engineer. Instead, we are producing engineering technicians at the rate of one to four engineers. Our schools turn out 32,000 engineers annually and about 7,000 to 8,000 engineering technicians.

These technicians cannot be produced by our vocational training and trade schools, as fine and useful as their programs may be.

The urgent national need is for technicians trained at the college level. Engineering technicians, for example, require 2 years of college level training. They are required to learn about as much mathematics as the engineer of 25 years ago, and are given a thorough grounding in calculus.

While much attention has been paid to increasing this Nation's supply of professional engineers and scientists, relatively little thought has been given to increasing the supply of the supporting semiprofessional technicians. It is imperative that our educational system be encouraged and assisted in meeting the challenge presented by the exploration of new scientific horizons and the mounting demands of automation.

To that end, I am introducing the Technical Education Act of 1962, which provides Federal assistance to the States on a 50–50 matching basis for the establishment and expansion of programs of technical education at the college level. A similar bill was introduced in the House with bipartisan support. Let me summarize its main provisions:

The bill calls for Federal grants to the States, on a 50–50 matching basis: (1) to make inventories of existing 2-year college programs which prepare students for employment at the semiprofessional level; (2) to survey technical manpower requirements for semiprofessional technicians; and (3) to assist in projects for the establishment, expansion, or improvement of technical education.

The bill would provide $40 million a year for this year and each of the next 4 years for the establishment of technical education programs.

Eligible to receive grants would be public and private nonprofit institutions which provide full-time instruction in an organized occupational curriculum in engineering, mathematics, or the physical or biological sciences which prepare students for immediate employment at the semiprofessional level.

Colleges and universities, junior and community colleges, as well as independent technical institutes would be eligible to receive grants if they met the high standards set up in the bill, including a provision against discrimination against students because of race, color or national origin.

An important feature of the bill is that a participating institution must be accredited by a nationally recognized professional society in the field.

This bill would have two important effects. It would help to reduce our serious unemployment problem by giving our citizens, particularly the young people, a better chance to get the kind of up-to-date training they need in our rapidly automating society.

It would also help prevent bottlenecks in technical personnel which would impair our national security, hold back the advancement of scientific knowledge and act as a break on our country's economic progress.

This program should be initiated without delay.

COMPLIANCE WITH CERTAIN PROVISIONS OF DAVIS-BACON ACT

Mr. CASE of New Jersey. Mr. President, I introduce, for appropriate reference, a bill requiring builders entering into leasing agreements with the Post Office Department to comply with the provisions of the Davis-Bacon prevailing wage act.

The Davis-Bacon principle requires that wages paid to mechanics and laborers on federally assisted projects must not be less than the wage rates determined by the Secretary of Labor to be prevailing for such workers on similar construction in the locality.

The Davis-Bacon Act already covers such Federal construction as Federal buildings, airfields and bases, dams, powerhouses, drainage and irrigation canals, dredging of rivers and harbors, Army, Navy, and Air Force installations, veterans' hospitals, national park roads, roads constructed as part of the Interstate System of Highways, slum clearance, urban renewal and low-rent public housing, defense housing and related facilities, federally financed hospital and nursing home construction, federally assisted airports, and Federal lease-purchase projects.

The Post Office Department spent $104 million in leasing 1,666 new buildings in 1960. In 1961, the number increased to 1,904 new buildings in an amount of $123 million. We should close this large gap in our Government's labor standards.

The Post Office Department, I am informed, is no longer building new structures by direct contract, but has shifted over to leasing arrangements. While it was required that Davis-Bacon policies be followed in Post Office Department contracts, there is no similar requirement under the leasing arrangement. This means that a great deal of Federal construction money is being used in the communities of our Nation without the wise and proven policy of requiring that labor standards in the construction or modification of such buildings shall equal local standards.

Federal funds should not be permitted to underwrite substandard working conditions.

The Davis-Bacon principle is designed to prevent the resources of the Federal Government from becoming an instrument for depressing and undermining existing labor standards to the detriment of workers, fair employers, and the community at large. Their basic purpose is to make sure that a competitive advantage in obtaining contracts will not be given to bidders who fail to observe the prevailing wage rates and accepted labor standards maintained by the contractors in the area where federally financed or assisted construction is to be performed.

Thus, these laws protect fairminded and responsible contractors against unfair competition from contractors who base their bids on wage levels lower than those actually prevailing in the area. Also, local workers are protected against the importation of distant, low-wage workers. Therefore, unless this protection is guaranteed, the beneficial local economic effects flowing from a public works program of this type could be lost.

The Davis-Bacon principle, originally sponsored by Republicans more than 30 years ago and extended by Republicans and Democrats alike since then, has worked and worked well. It has guaranteed equality of bidding opportunity to all contractors. It has assured local employment. It has protected the purchasing power of local citizens and helped stabilize the entire construction industry.

Since World War II, the sensitive construction industry, largest in the land in terms both of dollar volume and number of workers employed, has been the bellwether of the national economy. The Davis-Bacon principle has helped preserve and maintain the purchasing power of construction craftsmen. It is time tested and proven public policy that should be an integral feature of this large Post Office Department building program.

A tabulation of Post Office Department contracts for construction and leasing of new buildings follows:

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

Issued April 30, 1962
For actions of April 27, 1962
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HIGHLIGHTS: Senate committee reported farm bill. Sen. Humphrey commended use of labor union funds for farm loans.

SENATE

1. FARM BILL. The Agriculture and Forestry Committee reported without amendment S. 3225, a revised version of the farm bill (S. Rept. 1365). Sen. Ellender stated that it is an original bill and "a complete substitute for the bill introduced by me in the early part of February." pp. 6687-8

2. FARM LOANS. Sen. Humphrey commended the announcement that the International Ladies' Garment Workers' Union would invest $20 million for Farmer Home Administration loans to be used to improve, enlarge, and purchase family farms, refinance farm debts, and develop water systems for farm households and for irrigation, and inserted a release of this Department announcing the program after a meeting of the president of the union with Secretary Freeman. pp. 6731-2

3. FORESTRY. Sen. Morse discussed Forest Service policies regarding the sale of timber and construction of forest roads and their effects on the timber industry, and inserted correspondence with this Department regarding the situation. pp. 6733-41

4. PUBLIC WORKS. Sen. Robertson announced his intention to have S. 2965, to provide standby authority to accelerate public works programs, which was recently reported by the Public Works Committee, referred to the Banking and Currency

Committee for study of the method of financing the program. Sen. Case, S. Dak., expressed support for such a move. pp. 6692-3

5. PROPERTY. The Public Works Committee reported with amendment H. R. 8355, to authorize executive agencies to grant easements in, over, or upon real property of the U. S. under the control of such agencies (S. Rept. 1364). p. 6687

6. ROADS. The Public Works Committee reported without amendment S. J. Res. 137, to authorize the Secretary of Commerce, in cooperation with Alaska, to undertake studies and surveys relative to a highway construction program in Alaska (S. Rept. 1371). p. 6687

7. CIVIL DEFENSE. Received from the Defense Department reports on Federal contributions under the Federal Civil Defense Act of 1950 for the quarters ended Dec. 31, 1961, and March 31, 1962. p. 6686

8. TELECOMMUNICATIONS. Received from GSA a proposed bill "to amend the Federal Property and Administrative Services Act of 1949, as amended, to provide for a Federal telecommunications fund"; to Government Operations Committee. p. 6686

9. CIVILIAN CONSERVATION CORPS. Received a Mass. General Court resolution urging enactment of legislation to provide for the "establishment of a new Civilian Conservation Corps." p. 6687

10. RECLAMATION. Received from Interior a report on the receipt of a project proposal from the Banta-Carbona Irrigation District of San Joaquin County, Calif. p. 6686

11. EXPORTS; FOREIGN TRADE. Sen. Robertson announced that a hearing will be held on May 2, 1962, on S. 3161, to provide for continuation of authority for regulation of exports. p. 6688

12. RECESSED until Mon., Apr. 30. p. 6742

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For supplemental information or copies of legislative material referred to, USDA personnel in Washington may call Ext. 4654 or send to Room 117-E.

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President Kennedy in his 1961 balance of payments message stated that he would recommend to the Congress legislation to prevent the abuses of foreign tax havens as a means of tax avoidance. However, in the same message he stated:

"But we shall not penalize legitimate private investment abroad, which will strengthen our trade and currency in future years." [7]

Since President Kennedy's message was transmitted to the Congress, the administration has apparently lost sight of the penalties that are now proposed with respect to legitimate private investment abroad.

Mr. President, the Secretary of the Treasury in his review of the administration's proposals has stressed the need for tax neutrality and the elimination of abuses. Again, so that the record may be clear, let me remind my colleagues of his views with respect to foreign investment, when he testified before the House Committee on Ways and Means in July of 1959. At that time, he was the Under Secretary of State in the Eisenhower administration. Mr. Dillon then stated:

"During recent years there has been a strong upsurge in the flow of U.S. private capital to Canada and Western Europe where the creation of the Common Market is providing a new stimulus to American investment. These private investments of ours in the more advanced countries have made an important contribution to the economic strength of the free world." [8]

He also made favorable reference to a study which he had authorized made pursuant to section 413(c) of the Mutual Security Act of 1954 as amended. In referring to this study, the Under Secretary of State, Mr. Dillon said: "* * * was made under the direction of Mr. Ralph I. Straus, a distinguished American business leader." [9]

Mr. Straus also testified before the Committee on Ways and Means with respect to this study. Mr. Straus identified himself as a director of R. H. Macy and then stated:

"Recently I have had the privilege of acting as a consultant to Under Secretary of State C. Douglas Dillon for the purpose of preparing a report pursuant to section 413(c) of the Mutual Security Act of 1954, as amended, entitled 'Expanding Private Investment for Free World Economic Growth.' This report was published by the Department of State in April of this year and has been distributed to each member of the committee." [10]

Mr. Straus' report included a thorough examination of the tax laws. He recommended that tax deferral be continued. Rather than encourage American firms to operate through foreign tax havens, he urged that our laws should provide for the incorporation of foreign business corporations in the United States which would operate in the same manner as a tax haven. In fact, as most Senators remember, these proposals were embodied in a bill introduced by Representative Boggs, of Louisiana, H.R. 5, 86th Congress. Now that Mr. Dillon is the Secretary of the Treasury in a new administration, he suggests that tax deferral may be appropriate to stimulate investment in underdeveloped nations but not in the developed countries.

The recommendations of the Kennedy administration represent a drastic departure from Mr. Straus' summary of the report he made as a consultant to the then Under Secretary of State Mr. Dillon.

Mr. Straus testified that no geographic limitations should be placed on tax deferral. His testimony in 1959 deals directly with the problem now presented to the Finance Committee and I shall quote from it. He said:

"In our report we recommended that a foreign business corporation have no geographic limitations so long as it derives its income from sources outside of the United States. This is primarily because we conceived of a foreign business corporation as an instrument for the accumulation of profit for reinvestment abroad.

"The idea of profits earned from investments in Western Europe or even Canada being reinvested in the less developed areas is appealing. Also, the universal foreign business corporation would be well equipped to take advantage of the psychological fact of foreign business life which I have mentioned: the tendency of corporation directors to permit reinvestment abroad of profits earned abroad but to balk at investment abroad of domestic profits and resources.

"We also opposed any geographical limitation on the foreign activities and sources of income of a foreign business corporation because the diplomatic problems and domestic pressures involved in choosing particular countries or areas would make a general system of legislative or administrative selection very difficult. Moreover, since the foreign business corporation involves tax deferral rather than tax reduction, it is appropriate for investment both in developed and underdeveloped countries." [11]

The Kennedy administration has placed the primary responsibility for the development of tax proposals in the jurisdiction of the Assistant Secretary of the Treasury, Mr. Stanley S. Surrey. Once again, it is of some interest to review his earlier statements presented to the House Committee on Ways and Means during the 85th Congress on December 4, 1958, while a professor at Harvard University. At that time he stated that tax deferral and our existing tax credits represent concepts that have proved themselves advantageous to the U.S. Government and that they have promoted the primary aims of American foreign policy.

Professor Surrey's statement before the Committee on Ways and Means with respect to these two controversial items is so forthright and it contradicts so completely the proposals advanced by the Kennedy administration that I quote it at this point:

"Foreign tax credit accommodation to foreign source jurisdiction. While residence and nationality, including domestic incorporation, thus support income taxation, recognition must be paid to the fact that we live in one world and that the foreign income of our citizens and corporations may therefore be subject to taxation at the foreign source. The modus vivendi for that recognition under our system is the foreign tax credit mechanism. Under this credit, a foreign income tax paid is treated as payment to that extent of the U.S. tax on the foreign income, so that only a tax representing the difference between the foreign tax rate and the U.S. tax rate must be paid to our Treasury Department. It is this foreign tax credit which accommodates our need to stress nationality jurisdiction, so as to achieve the objective of equality among our citizens and corporations, with the need of foreign countries to stress source jurisdiction if they are to protect their revenue structures. The accommodation permits the foreign country of source to obtain revenue and also permits the United States to maintain the standard of equality at home since the taxpayer's tax burden is still at our domestic level (unless the foreign rate is higher than our rate). This accommodation is possible because of the revenue yielded by our Treasury Department to the extent of the credit granted. It is this foreign tax credit mechanism therefore which makes international trade and investment possible under our income tax system, and that of other mature income tax systems as well which stress equality of tax burden. While the credit mechanism is complicated, it is thus absolutely vital to our tax system.

"Tax deferral accommodation to foreign source jurisdiction. A second accommodation to international activity is represented by our grant of deferral of taxation on foreign source income until that income is returned to the United States. The mechanism of deferral is the recognition accorded to foreign incorporation. Under this mechanism, foreign subsidiaries of American corporations are treated as separate entities and thus essentially outside the reach of the U.S. tax system.

"The income of these foreign subsidiaries is thus free of U.S. tax until paid out as a dividend to the parent, or distributed in liquidation. The advantage of tax deferral is quite significant, for the investor is in effect permitted to retain our Government's share of the income and thereby increase its investment. It is an interest free loan of the amount of our tax automatically made without any security or collateral, and with the maturity determined by the taxpayer. Consider for example, the entire change in the impact of our corporate tax that would occur if a domestic corporation did not have to pay that corporate tax on its income until it was ready to pay the income out as a dividend.

"The grant of tax deferral, in addition to being a positive tax advantage to the U.S. investor abroad (the foreign tax credit in principle is not such an advantage although in application it has become so, as indicated below) represents a second significant accommodation to foreign tax systems. The foreign tax credit mechanism is an accommodation to the existence of foreign income taxes and to the needs of foreign countries to secure revenues through their income tax systems. Thus foreign countries can develop the rates of income tax on their domestic capital which they believe necessary to meet their revenue requirements and at the same time feel free to apply those rates to U.S. taxpayers without impeding investment from the United States, since the U.S. investor is protected by the foreign tax credit. The limiting factor here is the U.S. tax rate, applicable alike to our domestic and foreign investment. The accommodation of deferral permits a foreign tax system to take the opposite course, for here the limiting factor is the foreign tax rate. Hence, if a foreign tax system decides to favor domestic capital formation through either a relatively low tax rate, special income tax concessions, or even no income taxation at all, it can grant the same preference to the U.S. investor who is investing within the country through a foreign subsidiary. The grant will be meaningful since only the foreign tax system is applicable to the income of that subsidiary until the income is returned to the United States. In combination, these two accommodations accord the greatest weight possible to foreign tax systems in order to promote international trade and investment. The United States can do no more without in effect abandoning the standard of tax equality completely and thereby in effect surrendering control over its own income tax.

"This advantage of tax deferral depends today on the form which the investment takes, for it is available only to the foreign subsidiary form. It is in large part for this reason that most of our foreign investment,

[7] Ibid., p. 3135.

[8] Foreign Investment Incentive Act, hearings before the Committee on Ways and Means, House of Representatives, 86th Cong., 1st sess., H.R. 5, p. 78.

[9] Ibid., p. 79.

[10] Ibid., p. 240.

[11] Ibid., p. 243.

at least in the nonnatural resources field, is in this form." [12]

Prof. Stanley S. Surrey expressed the view that in proper perspective tax deferral and foreign tax credits provide tax equality and promote our foreign policy objectives. He concluded his statement in 1958 with an endorsement of these principles, and I shall quote from it:

"The U.S. income tax when viewed in proper perspective has achieved a balance between observance of the basic standard of tax equality among our taxpayers and necessary accommodation to the revenue claims of other countries when international activities are involved. As respects tax equality, our income tax rests tax jurisdiction on residence and nationality as well as geographical source, so that American citizens and corporations with foreign income are required to pay tax on that income. However, as respects accommodation to foreign taxing jurisdiction, the United States grants a tax credit for foreign income taxes paid and thereby permits the U.S. taxpayer investing abroad to reduce his U.S. taxpayment accordingly. It is this credit which makes foreign investment possible at all. As a further accommodation, the United States grants tax deferral to U.S. taxpayers investing abroad in foreign subsidiary form. This tax deferral is a decided advantage, for it is an interest-free loan in the amount of our tax on the foreign income, automatically granted by our Government without any security or collateral, and with the maturity controlled by the taxpayer. These two accommodations are capable of rational support." [13]

Those responsible for the major investment decisions of American enterprise with domestic and foreign operations are American citizens and with very few exceptions would much prefer to remain at home and enjoy the many benefits that characterize our way of life. Mr. Neil McElroy, the former Secretary of Defense and now chairman of the board of Procter & Gamble Co., in his testimony before the House Committee on Ways and Means said:

"I am certain that it would simplify the lives of many people in our company if we could manufacture all of our products in the United States and sell in international trade through export from this country. Unfortunately, however, this is not possible." [14]

The provisions in our tax laws with respect to the taxation of income from oversea investments were carefully formulated many years ago. The basic concepts have not changed for 49 years since the first income tax law was enacted in 1913. Our foreign trade has grown, and we enjoy a favorable balance of payments in our merchandise accounts. Furthermore, America's oversea investments have contributed to this result and the income derived from them has contributed to financing governmental programs to further our foreign policy objectives. Without the favorable balance of receipts over new investments that have characterized our direct investment activities, there would have been a very substantial deficit in our balance of payments which might have seriously jeopardized our monetary reserves.

In closing, it seems strange that the legislation under consideration by the Finance Committee would hamper direct investments by American enterprises in other countries. By direct investment I refer to the use of capital funds by American subsidiaries and branches overseas for plant and equipment.

The 11-year period starting in 1950 and ending in 1960 developed a surplus in excess of $8 billion in these transactions. On the other hand, the legislation under consideration will have little effect on other private investment activities. These include gold holdings, foreign bank deposits, and the purchase of foreign securities. Such investments over the same 11-year period resulted in a net outflow of $5.9 billion. Yet, the legislation proposed by the administration would have no measurable effect on these transactions.

I shall discuss this subject further as the Finance Committee proceeds with its consideration of amendments with respect to the taxation of foreign source income contained in H.R. 10650.

[12] Ibid., pp. 536–37.

[13] Ibid., p. 543.

[14] President's 1961 Tax Recommendations, op. cit., p. 2922.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF THE FEDERAL GOVERNMENT AND STATE AND LOCAL PUBLIC BODIES

Mr. ROBERTSON. Mr. President, the Committee on Public Works has reported S. 2965, Calendar No. 1321, a bill to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

This bill authorizes a public works program including acceleration of Federal projects and Federal grants and other Federal grants and loans up to $2 billion. The program would be financed by using the unobligated balances of authorizations to expend from public debt receipts available for the Housing and Home Finance Agency, for loans to the Federal Savings and Loan Insurance Corporation, for loans to the Federal Deposit Insurance Corporation, for the purchase of obligations issued by the Federal home loan banks, and for payment of the subscription of the United States to the International Bank for Reconstruction and Development.

As soon as the Senate has concluded the pending business, Senator CAPEHART and I shall move to have S. 2965 referred to the Committee on Banking and Currency, so that full hearings can be held with respect to this method of financing a public works program. It may be also that, in view of the provision of the bill drawing upon funds committed for the International Bank for Reconstruction and Development, the Committee on Foreign Relations may feel it appropriate to make a similar request.

The Federal Deposit Insurance Corporation provides insurance up to $10,000 per account in about 13,450 banks in the country—about 97 percent of the country's banks. The total of deposits in insured banks comes to $260 billion, and $150 billion is actually covered by the insurance. This insurance is backed up by an insurance fund of some $2 billion built up from assessments on the banks, plus the Government's commitment to make available $3 billion by the use of borrowing authority. It is this $3 billion commitment of the Government which would be affected by S. 2965.

The Federal Savings and Loan Insurance Corporation insures savings accounts up to $10,000 per account, in the savings and loan associations belonging to the Corporation. In addition to a reserve fund built up out of premiums received from member associations, the Federal Savings and Loan Insurance Corporation insurance on savings accounts is backed up by a commitment of the Federal Government to make available $750 million. S. 2965 would dip into this fund also.

I shall not discuss this matter at length today. I believe the above information is more than sufficient to make clear my reasons for feeling that a full opportunity to testify on this bill must be given to insured banks and insured savings and loan associations and to the people whose deposits and savings would be affected.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. CASE of South Dakota. May I say to the distinguished chairman of the Committee on Banking and Currency that I personally, as ranking minority member of the Public Works Committee, feel his request is amply justified. In fact, I believe that if every Senator, regardless of which side of the aisle he occupied, realized that this bill as proposed would set a precedent for one committee to raid funds provided by authorizations of other committees, he would want to defeat that provision of the bill.

Mr. ROBERTSON. Is it not true that that provision was not in the original bill as introduced, and there were no hearings on the provision to raid trust funds of agencies authorized under the jurisdiction of the Banking and Currency Committee?

Mr. CASE of South Dakota. That is true as the bill is amended, although in its original form the bill would have permitted funding by using uncommitted appropriations, contract authorizations, revolving funds, and other authorizations to expend from corporate or public debt receipts.

Mr. ROBERTSON. But the committee spelled it out.

Mr. CASE of South Dakota. Yes, it did, as an attempt to limit it. The committee was supplied with three possible lists of funds that could be raided, even by striking out contract authorizations.

Then I asked the question whether, under mention of the revolving fund, it would be possible for the moneys in the revolving fund for the Farmers Home Administration, into which farmers paid back loans, to be used to build sidewalks in some depressed town or city. The answer was they could be, under the original language.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. CASE of South Dakota. Mr. President, may I be recognized in my own right?

The VICE PRESIDENT. The Senator from South Dakota.

Mr. CASE of South Dakota. Now, it goes the other way, funds authorized for building homes could be used for rural flood control. I agree with the Senator from Virginia that in the bill as reported here the Committee on Public Works would be violating the jurisdiction of the Banking and Currency Committee. And that would set the precedent for violating the jurisdiction of the Committee on Armed Services, the Commit-

tee on Agriculture and Forestry, and all other committees which seek to set up programs with funding provisions, to say nothing about the Appropriations Committee.

The programs to which the Senator from Virginia has alluded were specific programs, justified by that committee, approved by the Congress. Some of them I did not happen to vote for, but they were authorized by the Congress, and the use of money to be obtained by selling debentures by the various agencies to the Treasury was authorized.

Here it is proposed that the Public Works Committee should step into the domain of the Committee on Banking and Currency, to borrow the borrowing authority set up for the programs reported and handled by that committee.

We could logically, under the original authorization of the bill, step into the domain of the Committee on Armed Services, the Committee on Foreign Relations, the Committee on Agriculture and Forestry, the Committee on Labor and Public Welfare, or any other committee where the Public Works Committee would have no original authority to propose a program. This bill proposes to establish a precedent for one committee to borrow and to raid the funds set up by the programs reported by other committees.

Mr. ROBERTSON. Why did the Committee on Public Works, of which the Senator is a member, vote to let the farmers fund out?

Mr. CASE of South Dakota. I think it was because they were alarmed when I pointed out what could happen. I did not vote to report the bill. Let me point out that every member of the minority was opposed to reporting the bill as it was reported, notwithstanding some representations in the press about a divided position. The only division of position was that, while we were all opposed to reporting the bill as it was reported, there were various cures proposed for approaching the problem, whether we should kill it all or a part of it, and so forth.

Mr. President, this is a matter which involves the jurisdiction of every committee of the Senate. It involves particularly so-called back-door financing. One might say it is proposed to set up sidedoor financing, or slidedoor financing, as we put it in the report, because it would permit funds to be borrowed from agencies not under the jurisdiction of the Public Works Committee for purposes authorized by the bill, and then authorize Congress to reappropriate to restore the impaired balances of authorizations. All the original pressures would then operate, so that we could wind up with a restoration and a double appropriation demand on the Treasury for the program originally proposed. Certainly the Committee on Banking and Currency is entitled to consider a bill which proposes to draw billions of dollars from programs which that committees originally provided.

Mr. ROBERTSON. And I want to emphasize again that this proposal does more than just take money away from programs which the Banking and Currency Committee and other committees have authorized. That is bad enough. But the bill does much worse than that.

The bill would impair the protection provided by FDIC and FSLIC for hundreds of billions of dollars worth of bank accounts and savings accounts. The good faith of the U.S. Government is committed to protect our banking system and our savings and loan system and the depositors and savers who have invested their money on the strength of the U.S. Government's commitment. We cannot withdraw from this commitment.

WHY INCREASED AID TO NASSER?

Mr. KEATING. Mr. President, I was startled and disturbed by a headline in today's New York Times—"Washington Is Receptive to U.A.R. Minister's Requests for More Aid." The article indicated Arab requests for a United States-Western European aid consortium, like that now existing for India, for a long-term U.S. agreement to supply surplus grain, and for additional credits to assist Nasser in his foreign exchange difficulties.

Mr. President, one of the reasons given for Nasser's difficulties is a blight on the cotton crop. One of the other reasons for Nasser's difficulties is undoubtedly his policy of mortgaging Egypt's cotton crop to the Soviet Union in return for Soviet weapons and equipment. Since 1956, Nasser has reputedly mortgaged up to 60 percent of the Egyptian long-staple cotton crop to Moscow. He has reportedly received up to half a billion dollars a year in military equipment from the Soviet bloc. These sales are currently on the decline, but certainly we should avoid any steps that could encourage them to increase again.

Mr. President, I am very skeptical of these efforts to buy Arab support. I have already been in touch with Secretary of State Rusk inquiring what he hopes to accomplish by this expanded aid program, and whether any guarantees have been sought that existing Egyptian resources will be put to better use. If we can say this to our friends in Latin America, we can surely also say it to Nasser.

In short, Mr. President, I do not think we should increase aid to Egypt until we have definite assurances that Nasser will not use any of this assistance, directly or indirectly, to supply himself with additional Soviet weapons, and thereby to increase the existing tensions in the Middle East. Before making long-term commitments of any kind in the Middle East, we should renew our efforts to bring about an Arab-Israeli settlement. The Middle East peace conference, which the President spoke of in the fall of 1960, is long overdue. The Middle East is also an excellent site for a pilot disarmament project.

The best way to encourage economic development in the Middle East is to put an end to the present hostilities there and thereby release available resources of the Arabs and Israel for peaceful purposes. I am fearful that the administration may be ignoring the true path to peace and trying, instead, to buy a one-sided settlement, by censuring Israel in the U.N. by ignoring Arab violations of the U.N. through economic warfare, and now by stepping up aid to Egypt.

THE INTERNATIONAL AZALEA FESTIVAL

Mr. ROBERTSON. Mr. President, yesterday it was my good fortune to accompany the Honorable Elvis J. Stahr, Jr., Secretary of the Army, to a luncheon in Norfolk, Va., where he made an outstanding address in conjunction with the current celebration of the International Azalea Festival.

This beautiful festival has been held each spring since 1954. The festival queen and her princesses are selected from among the North Atlantic Treaty Organization nations in recognition of the fact that Norfolk is the headquarters of NATO Supreme Allied Commander Atlantic. This year's queen is the lovely Miss Margaret Ann Goldwater, daughter of the distinguished junior Senator from Arizona and Mrs. Goldwater. Last year's queen was the beautiful Miss Lynda Bird Johnson, daughter of the Vice President and Mr. Johnson.

The Azalea Festival is centered on the magnificent floral display at the Norfolk Municipal Gardens, consisting of 12 miles of picturesque pathways winding through 100 fully developed and beautifully landscaped acres of gardens. I hope that many of my colleagues in this body will have the opportunity to visit the Azalea Festival this weekend.

Because of the significance of Secretary Stahr's address, I ask unanimous consent to have it inserted in the body of the RECORD at this point and I commend it to each Member of the Senate.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

NATO AND THE U.S. ARMY

(By the Honorable Elvis J. Stahr, Jr., Secretary of the Army, at the Civic Club Luncheon, Golden Triangle Hotel, Norfolk, Va.)

I am genuinely delighted to have the privilege of participating in this International Azalea Festival saluting the North Atlantic Treaty Organization and its Norfolk branch, so to speak—the Headquarters of the Supreme Allied Commander Atlantic. It is a particular privilege because a vital part of the Army's present-day mission is support of NATO. I certainly need hardly add that my pleasure in being here today is in no small way enhanced by the presence of the lovely azalea queen and her princesses and attendants. It is a tribute to the inspiration and ingenuity of the people of Norfolk that appreciation of glorious spring flowers and beautiful young ladies has been so felicitously combined with recognition of the importance of what President Kennedy has called our central and most important defensive alliance."

That great Virginian, Thomas Jefferson, voiced the spirit of earlier generations when he said, "Peace, commerce, and honest friendship with all nations—entangling alliances with none." But times have changed. What made good sense for over a century does not make good sense today. The massive Communist threat hanging over all free nations and the awesome power of nu-

clear weapons make it clear that no nation can be an island, sufficient unto itself. Therefore, alliances can no longer be considered entangling—they are an absolute necessity for survival.

NATO is the quintessence of the coordinated effort of the free world to defend itself against Communist imperialism. Its formation on April 4, 1949, was the direct result of the realization on the part of nations of the Atlantic community that they faced a common danger which could best be dealt with by collective action. These nations were already united by strong bonds of respect for the rule of law and love of liberty. To safeguard their heritage during the years following World War II when Communist expansion seemed irresistible, they banded together in a common effort to deter aggression and insure peace through unity of purpose and action.

The alliance has suffered growing pains, as young organizations always do, but each internal problem has been resolved through discussion and agreement among the members. As Ambassador John K. Galbraith recently pointed out, criticism is essential in the intercourse of open societies. The measure of success of any alliance is its ability to achieve the ends for which it was designed, and NATO has passed the test with flying colors.

During the years since 1949, its usefulness in the military sphere has been proved and improved. It has been preeminently successful in its mission of preventing further Communist military incursions in Europe. Furthermore, although primarily a military alliance, NATO has contributed immeasurably to the political, economic, scientific, and cultural cohesiveness of the community—the real foundation of lasting strength and stability. Khrushchev's frequent scorching attacks upon it are additional evidence of its effectiveness—proof that he considers NATO a serious stumbling block in the Communists' path to world conquest. To the lasting credit of the member nations, NATO rises from each fiery attack like the mythical salamander, undamaged by the blast and heat.

The North Atlantic Treaty Organization performs its role on the most prominent stage in the world—Europe, the Atlantic, and the New World. The whole world is the audience. The price of failure would not be merely the closing of the show, it would be world catastrophe. On the other hand, continuation of the present successful run will set the example for other troubled areas of the world.

The U.S. Army's mission in support of NATO is to help provide it with a powerful, balanced ground capability which places the U.S.S.R. in the position of having to commit its own forces in any attempt to take over Europe. There can be no salami tactics by proxy, with Soviet satellite nations carving up Europe a slice at a time. Rather, if the Soviet Union wishes to overrun Western Europe, it must itself launch an all-out attack—a confrontation with the West which they must know could lead to the use of nuclear weapons. By so raising the threshold of deterrence, we make credible our nuclear deterrent to aggression.

In fulfillment of its NATO mission, the Army now has in Europe five full-strength divisions—three infantry and two armored—four armored cavalry regiments and a substantial number of missile battalions, as well as three battle groups on guard in Berlin. The three infantry divisions have been mechanized, and appropriate units have their full quota of M-60 tanks and M-113 armored personnel carriers. In addition, all combat elements are now equipped with the new M-14 rifle and M-60 machinegun. All are backed by a superb logistical system which insures that they can fight long as well as hard though thousands of miles from home. Furthermore, equipment has been positioned in Europe for additional divisions whose personnel can be airlifted to the Continent in a matter of days should the necessity arise.

To insure the ability of our ready-around-the-clock Strategic Army Corps to deal realistically with Communist aggression anywhere in the world, the number of combat-ready divisions in the continental United States has been increased from three to eight. This was accomplished by relieving three Regular divisions of recruit training missions and raising them to Strac status, and by bringing on active duty two National Guard divisions—the 32d Infantry of Wisconsin and the 49th Armored of Texas—which also are now in the Strac status.

In order to retain for the long pull our present force of 16 combat-ready divisions—8 overseas and 8 in the continental United States—2 new Regular divisions have been activated—the 1st Armored and the 5th Mechanized Infantry. The state of readiness of these two new divisions by the time the National Guard divisions have completed their terms of service will be such that there will be no sag in our combat-ready division structure when the guard divisions return home after their splendid service to the Nation.

The establishment of the Strike Command—while not a unilateral accomplishment—was another important achievement affecting the Army's ability to fulfill the Nation's commitments to NATO and our other alliances worldwide. Stricom unites the Army's Strategic Army Corps with principal elements of the Air Force's Tactical Air Command in a unified command under direct control of the Joint Chiefs of Staff. This new command organization substantially increases the flexibility, mobility, readiness, and striking power of the Army's Strategic Reserve Forces.

Most of the steps I have outlined have major impact at the present time on the critical situation in Europe. However, we cannot afford to overlook in any respect the tremendous significance of what is happening elsewhere. The Communist menace is worldwide, and it must be dealt with on a worldwide basis. The Army has, therefore, moved forward to bolster its ability to cope with the equally critical threat of guerrilla warfare, which is actually being waged or plotted in many areas at this very moment. The ultimate fate of freedom could well depend upon its outcome.

Premier Khrushchev has made it perfectly clear that the Sino-Soviet bloc intends to continue to wage guerrilla warfare against the free world—or, at the very least, to encourage and subsidize it—throughout the foreseeable future. He has proclaimed it not only "admirable but inevitable."

President Kennedy has made it equally clear that this Nation accepts the implicit challenge; that we are not about to stand by and let the Communists achieve their cherished goal of world domination step by step through phony wars of liberation. He has emphasized and reemphasized the fact that the buildup of the Army's counterguerrilla capability is a phase of its activities in which he is vitally interested and that it has his strongest backing.

Today the Army is performing invaluable cold war service in defense of the free world by furnishing expert training and technical assistance, as well as extensive aviation support for troop transport, observation, and resupply, to the Vietnamese in their bitter jungle and rice-paddy war against the infiltrating Viet Cong. We are continuing to press vigorously along every line to enhance further the Army's ability and readiness to give effective backing of this kind to any other free world nation similarly threatened.

Total strength—military, political, and economic—is the key to dealing with the Communists. Such strength, coupled with the iron will to use it in freedom's defense, is the immovable obstacle to the advance of the Soviet bloc.

Great strides have been made in building powerful defenses for our Nation and for the entire free world, but we must be tireless in maintaining them and continuing to enhance their effectiveness. Constant efforts to achieve a better understanding of our friends and allies—their hopes, their capabilities, and their problems—are imperative if we are to cope with the threat against us and extend the dominion of liberty and justice in an awakening and changing world.

In closing, let me say again how delighted I am to participate in this International Azalea Festival. An event such as this, focusing attention on the tremendous value of our alliances and pointing the way toward greater international cooperation for peace and freedom, helps immeasurably to advance the cause to which we are all devoted. We can upset the Soviets' cherished plan of world conquest, preserve our Nation, and build a just and lasting peace if we go forward together in the spirit of utmost realism and resolution and with a sustained sense of urgency. The stakes are high; they couldn't be higher. They involve the very soul and spirit of man.

Mr. ELLENDER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HART in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ELLENDER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

U.S. PHILANTHROPY RECORD

Mr. WILEY. Mr. President, U.S. philanthropy is a little heralded, but highly significant, feature of American life.

As the most advanced Nation in the world, our progress has been speeded and enriched by human compassion reflected in individual attitudes and the national spirit.

In 1961, American philanthropy—private giving for public causes—was valued at $8.7 billion, up $500 million from 1960. According to a recent report of the American Association of Fund Raising Counsel, Inc., the philanthropic sources were as follows:

Individuals, $7 billion; foundations, $625 million; business corporations, $460 million; and charitable bequests, $615 million.

The funds were distributed as follows:

Religion, 51 percent; education, 16 percent; welfare, 15 percent; health, 12 percent; foundations—paid into endowment funds, 4 percent; and other, 2 percent.

Is $8.7 billion a significant amount? Although only about 1½ percent of our gross national product, this exceeds—think of it—the gross national product of about 85 percent of the nations in the world.

Through its national policies, as well as through individual givers, the United States as a nation also has demonstrated

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

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HIGHLIGHTS: Sen. Williams, Del., inserted article urging investigation of Estes case and grain storage program. Senate passed bill to permit planting of additional nonsurplus crops on diverted acreage. House committee voted to report bill to further restrict employment of children in agriculture.

HOUSE

1. FARM LABOR. The Education and Labor Committee voted to report (but did not actually report) S. 1123, to extend the child labor provisions of the Fair Labor Standards Act of 1938 to certain children employed in agriculture. p. D333

2. RAISINS. Rep. Sisk discussed National Raisin Week, which will be from May 6 to 12, and said, "This is the 85th birthday of the american raisin industry." pp. 7138-9

3. RECLAMATION. The Rules Committee reported a resolution for the consideration of H. R. 23, to authorize the Secretary of the Interior to construct, operate, and maintain the Arbuckle reclamation project, Okla. pp. 7166, 7173

4. EDUCATION. The Rules Committee reported a resolution to send to conference H. R. 8900, to authorize assistance to public and other nonprofit institutions of higher education. pp. 7166-7, 7174

5. NATIONAL FLOWER. Rep. Curtin said, "it is high time that we resolve this question and decree for the United States a flower which will have the high honor of being the national flower of this country," and "On the strength of being a friendship flower alone, the American marigold is worthy of representing our Nation, botanically." p. 7167

6. LEGISLATIVE PROGRAM. Rep. Albert announced the following legislative program: Mon., the Consent Calendar, H. R. 9736, to authorize the Secretary of Agriculture to permit certain property to be used for State forestry work, and H. R. 5546, to amend the Federal Seed Act with respect to screenings of seed; and Wed., a resolution to send to conference H.R. 8900, to authorize assistance to public and other nonprofit institutions of higher education, and H.R. 23, which provides for the construction of the Arbuckle reclamation project in Okla. p. 7137

7. ADJOURNED until Mon., May 7. p. 7173

SENATE

8. FEED GRAINS. Passed without amendment H.R. 11413, to amend the Agricultural Act of 1961 to permit the planting of additional nonsurplus crops on diverted acreage. The House Committee report states that the bill would "extend the crops which may be grown on diverted acreage, subject to finding by the Secretary that the crops are not in surplus [castor beans, guar, safflower, sunflower, and sesame are in this category under present legislation], and...provide partial payment, not to exceed 50 percent of the rate which the farmer would have received for devoting the land to conservation uses, when such crops are planted." This bill will now be sent to the President. pp. 7066-9

9. GRAIN STORAGE. Sen. Williams, Del., inserted a newspaper editorial discussing "why the Billie Sol Estes case and the whole Government grain storage business should be investigated by a competent committee of Congress." p. 7070

10. FORESTRY; WILDLIFE. The Interior and Insular Affairs Committee reported with amendments S. 1988, to provide that U. S. land within the boundaries of the Lower Klamath National Wildlife Refuge, the Upper Klamath National Wildlife Refuge, and the Tule Lake National Wildlife Refuge shall be dedicated to wildlife conservation (S. Rept. 1383). p. 7041

Sen. Kuchel inserted his recent speech favoring this legislation, "Protect the Tule Lake Wildlife Refuge." pp. 7071-2

11. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment S. J. Res. 151, to permit the Secretary of the Interior to continue to deliver water to lands in the Third Division, Riverton Federal reclamation project, Wyo. (S. Rept. 1382). p. 7041

12. CONSUMERS. Sen. Hart commended the recent consumer conference held in Boston as a "significant step toward organization by consumers," and inserted several items relating to the organization of consumers. pp. 7102-6

13. TOBACCO. Sen. Moss referred to the "hazards of cigarette smoking," and inserted an article, "The Case Against the Cigarette." pp. 7109-11

14. PUBLIC WORKS. Sen. Capehart objected to the financing provisions of S. 2965, the proposed standby public works acceleration bill, supported referral of the bill to the Banking and Currency Committee for study, and inserted a memorandum on the "effect of the bill with respect to each of the agencies whose funds might be drawn upon." pp. 7057-8

Sen. Cooper stated his intention to propose amendments to this bill, S. 2965, to strike out sections giving authority to the President to accelerate or initiate the construction of $2 billion of public works projects. p. 7089

Sen. Cooper expressed opposition to a provision of this bill, S. 2965, to authorize the use of funds of the World Bank for financing public works projects. pp. 7089-91

Mr. KEATING. Mr. President, the late 18th century was a revolutionary age. The American Revolution and the French Revolution had given rise to new liberal and democratic ideas, and the old monarchical ideas were in decline. At that time Poland was in mortal danger of annihilation by her enemies. Many Poles were aware of this, yet they could do little under the existing autocratic and inefficient government. Some courageous political leaders, however, correctly sensed the seriousness of the situation, and set themselves to the task of drafting a constitution. These patriotic and liberal-minded leaders discharged their difficult task with great distinction. The result was the Constitution of 1791, which was adopted and promulgated on May 3 of that year.

This Constitution was, judged by any set of liberal and progressive standards, a great document. In one sense it led the Polish governing class from the Middle Ages to modern times. The monarch's powers were drastically curtailed, and a constitutional monarch with a responsible form of government came into being. While many of the powers of the Central Government were reduced, its prestige and authority were enhanced. Old privileges and class distinctions were cast aside, and a spirit of equality pervaded the Constitution. Complete religious freedom was guaranteed. The Constitution was noteworthy for its liberalism and moderation, and it was acclaimed by Edmund Burke as a masterpiece.

Today is the 171st anniversary of the adoption and promulgation of that memorable Constitution. I am glad to join all Polish-Americans on this occasion, and in doing so honor the memory of those who produced that historic and great document, the Polish Constitution of 1791.

Although Poland today is bound by the fetters of Communist totalitarianism, where the very word "constitution" means fraud and hypocrisy, this memory of the past lives on. The ideal of government by law, of liberty and individual freedom is not dead in Poland, despite the hand of the Kremlin and of its henchmen. In the hearts of the Polish people, freedom lives on. And in the hearts of the American people, the hope that Poland will one day be free is not dead. It is a living dream which Americans and the Polish people will continue to cherish until its ultimate joyful achievement.

Mr. DOUGLAS. Mr. President, today is the anniversary of the adoption of the Polish Constitution of May 3, 1791. This Constitution was promulgated only 4 years after the establishment of our own Government, and it expressed the attachment of the nation of Poland to the idea that government should be restrained by law—restrained by bounds beyond which no government authority had the right to go. Government by the whim and pleasure of an all-powerful monarchy was replaced by constitutional government.

Living dangerously on the edge of the dictatorship of Catherine II of Russia and Frederick William of Prussia, Poland had suffered onslaughts on her territorial rights in 1772 and 1788. King Stanislaw August Poniatowski recognized the need for a free Constitution to assist the peoples in the great project of maintaining liberty and for this reason, the Constitution was drawn up, adopted, and promulgated on May 3, 1791. George Washington hailed the new Constitution, and Edmund Burke noted that, "so far as it has gone, it probably is the most pure and defecated public good which ever has been conferred on mankind." Parliamentary representation was expanded and the peasantry was placed under the protection of the law. The privileges of the nobility were reduced, and the townsmen were given certain political rights. Freedom of conscience and religious toleration were guaranteed. Liberty was proclaimed for everyone living in the Republic.

In 1795 when the new government was only 4 years old, Poland's larger neighbors, deeply fearful of such radical innovations, partitioned Poland, added her territory to thier own and thus terminated her independent existence. For 123 years, Poland was not a nation on the map of Europe; but in spite of partition, slavery, and repression, Poland lived in the hearts of brave men. After World War I an independent Poland again arose, out of the ashes of Tsarist Russia and Prussian Germany. But after two decades Germany and Russia again overran Poland. And now Russia occupies and dominates Polish affairs once more.

Today there are again those within Poland who seek to replace the arbitrary rule of the Communist Party. The Poznan revolts of 1956 demonstrated the unrest that simmers beneath the surface. There is no tyranny on earth—none is possible—that can permanently destroy the great principles of the Polish Constitution of May 3, 1791. Let us pray that the day will soon come when the Communist tyranny that now rules Poland and crushes civil and religious liberties will be overwhelmed and destroyed and reaffirm our own intention to support the Polish people's quest for liberty by every proper means at our disposal.

Polish Constitution Day is a good day on which to pay tribute to the brave Polish people who have endured so much and to Americans of Polish descent who have been among our finest citizens and who have contributed greatly to this country.

Mr. DODD. Mr. President, today the Polish people and people of Polish origin all over the world celebrate the adoption of the Polish Constitution of 1791.

To the Polish people, this has become perhaps the most meaningful of all their national ceremonies and celebrations. The Constitution of 1791 has for the Poles a national significance similar to that which our own Constitution has for the American people. Freed from foreign tyranny and from foreign political pressures, the Polish people in their constitution placed the same central emphasis on the freedom of the individual and the will of the people, as we did in ours.

All power in civil society—

Said the Polish Constitution of 1791—

should be derived from the will of the people, its end and object being the preservation and integrity of the state, the civil liberty, and the good order of society, on an equal scale and on lasting foundations.

The Polish Constitution was one of the most advanced and liberal documents of its day in Europe. The similarity between the Polish Constitution and the American was no accident. The Polish people had openly sympathized with the American Revolution, and Polish patriots like Thaddeus Kosciuszko had crossed the seas to champion the cause of freedom in the Western Hemisphere. Polish intellectuals and leaders had studied the writings of Thomas Jefferson and the Founding Fathers, and they had found in these writings inspiration for the framing of a Polish charter of freedom.

Polish freedom, unfortunately, did not last very long. Four years after the Constitution was adopted, in 1795, Poland was partitioned for the third time in her history, this time by Russia, Prussia, and Austria. Not until the close of World War II did Poland achieve her independence again. But history repeated itself once more in 1939 when Communist Russia and Nazi Germany collaborated in the destruction and partitioning of this heroic and persistent nation.

I know there are some people who say that these annual commemorative ceremonies have become little more than meaningless rituals. But they are far more than this. So long as the Polish people remain enslaved, so long as a quisling constitution imposed by the Soviets usurps the place of the great democratic Constitution of 1791, just so long will it be necessary to remind ourselves of the plight of our Polish brothers and to rededicate ourselves to the end that they will some day enjoy the blessings of freedom with us.

Mr. President, on this anniversary of the adoption of the Polish Constitution the least we can do is to let the people of Poland know that we have not forgotten them, that we have their plight constantly in mind, and that we shall continue to seek their liberation by every proper method short of war.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF THE FEDERAL GOVERNMENT AND STATE AND LOCAL PUBLIC BODIES

Mr. CAPEHART. Mr. President, last Friday the Senator from Virginia [Mr. ROBERTSON] expressed his concern about the method of financing proposed in S. 2965, the standby public works bill. At that time he referred to the bill's effect upon the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation. There has been prepared a memorandum which sets forth the effect of the bill with respect to each of the agencies whose funds might be drawn upon. I ask unanimous consent that the memorandum be printed in the RECORD at the conclusion of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CAPEHART. Mr. President, I agree fully with Senator Robertson's objections to the proposal, insofar as the FDIC and the FSLIC are concerned. In my judgment, it would be hard to imagine anything which could be more upsetting to the Nation's banking and savings and loan systems than this attempt to draw on the reserve funds which Congress has deemed it necessary to provide in order to back up deposits in banks and savings and loan associations.

In the case of the International Bank for Reconstruction and Development—the World Bank—it is proposed to draw upon the unpaid balance of the U.S. Government subscription to the Bank. This commitment was given, clearly and without qualification, in the Bretton Woods Agreements and in later international agreements and in the Bretton Woods Agreements Act and later amendments. The World Bank has sold about $2.4 billion of bonds, in the United States and elsewhere, on the basis of this commitment and the corresponding commitments of foreign governments. To tamper with this commitment would be a breach of our international agreements on which purchasers of the Bank's bonds in the United States and abroad have relied for years.

Federal home loan banks have issued about $1.5 billion of obligations which are backed up in part by the authority to borrow $1 billion from the Treasury at any time. It would be a breach of faith for the U.S. Government to tamper with or withdraw from this commitment.

The HHFA has many programs which are financed through the borrowing authority. The bill would use up the HHFA borrowing authority on the accelerated public-works program, and then would let the HHFA attempt to get back its money by way of appropriations. I am sure this would result in cutting down many of the HHFA programs.

I agree that S. 2965, the standby public works bill, should be referred to the Banking and Currency Committee, so that its effect on insured banks and savings and loan associations, on the World Bank, on Federal home loan banks, and on the HHFA can be fully explored.

EXHIBIT 1

FINANCING PROVISIONS OF S. 2965, THE STANDBY PUBLIC WORKS BILL

Section 10 of S. 2965 provides a $2 billion fund for the public works acceleration program authorized by the bill. Section 10(b) would provide, in part, as follows:

"In order to expedite financing activities under this act, the President may, during the existence of the public works acceleration period, cause the unobligated balances of authorizations to expend from public debt receipts available for the Housing and Home Finance Agency, for loans to the Federal Saving and Loan Insurance Corporation, for loans to the Federal Deposit Insurance Corporation, for the purchase of obligations issued by the Federal home loan banks, and for payment of the subscription of the United States to the International Bank for Reconstruction and Development, which are estimated to be in excess of the amount needed in the current fiscal year for obligation or expenditure for the purposes for which they were made available (but not the balances of trust funds), to be transferred to the appropriate accounts of any such agency or other department or agency in such amounts and at such times as he may deem appropriate and, notwithstanding the provisions of any other law, such transferred balances may be used for the purposes of this act: *Provided,* That there are hereby authorized to be appropriated such amounts as may be required to restore such transferred balances not otherwise restored to the sources of funds from which they were derived."

FEDERAL DEPOSIT INSURANCE CORPORATION

Accounts in more than 13,000 banks are insured by FDIC up to $10,000 per account. This is about 97 percent of the country's banks. A total of $150 billion of accounts is insured, and the total deposits in insured banks is about $260 billion. These include both commercial and savings banks. This insurance is backed up by an insurance fund of almost $2½ billion built up from assessments on the banks. In addition to this reserve fund, the Government has agreed to make available $3 billion by the use of borrowing authority provided under the Federal Deposit Insurance Act. This borrowing authority has never yet been used, but it is generally considered an essential part of the Federal deposit insurance program.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Savings accounts in more than 4,000 savings and loan associations, Federal and State, are insured by FSLIC, up to $10,000 per account. Savings in insured savings and loan associations are about 95 percent of total savings in such associations and amount to more than $67 billion, about 96 percent of which is covered by insurance. This insurance is backed up by an insurance fund which last December amounted to about $450 million, built up from premiums on insured savings and loan associations. In addition to this reserve fund, the Government has agreed to make available $750 million by the use of borrowing authority provided under the National Housing Act. This borrowing authority has never yet been used, but it is generally considered an essential part of the Federal savings and loan insurance program.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The United States is a member of the International Bank for Reconstruction and Development—the World Bank—through its participation in the Bretton Woods Agreements and the Bretton Woods Agreements Act and amendments thereto. The United States has paid in $635 million of its subscription in accordance with the Bank's articles. The balance of $5,715 million is subject to call to meet obligations of the Bank. Based on this commitment of the United States and similar commitments from the other members of the Bank, the World Bank has sold about $2.4 billion of bonds in the United States and in foreign countries. These bonds are considered, in large part because of the commitment of the United States Government, as being of the highest value and soundness. In selling its obligations, the Bank has included in its prospectuses the following language: "Under the Bretton Woods Agreements Act, the Secretary of the Treasury is authorized, without any requirement of further congressional approval, to pay the $5,715 million unpaid portion of the subscription of the United States from time to time when payments are required to be made to the Bank and to use for this purpose the proceeds of United States Government borrowings."

FEDERAL HOME LOAN BANKS

Federal Home Loan Banks are authorized to issue obligations to the public in order to provide funds for savings and loan associations belonging to the Federal Home Loan Bank System. About $1.5 billion of such obligations are now outstanding. These obligations are secured in part by the authority to borrow from the Secretary of the Treasury up to $1 billion outstanding at any one time. No borrowings have been made under this provision, but it is generally considered an essential part of the security behind Federal Home Loan Bank obligations.

HOUSING AND HOME FINANCE AGENCY

(TREASURY BORROWING AUTHORITY)

The HHFA has authority to borrow from the Treasury in order to carry out a number of its loan programs:

[Total borrowing authority, millions of dollars]

Program:	
College housing loans	2,875
Public facility loans	600
Transportation facility loans	50
Urban renewal loans	1,000
Public Housing Administration loans	1,500
Federal flood indemnity	500

In addition, FNMA has authority to borrow from the Treasury $2¼ billion as part of its secondary mortgage operation. Such borrowings are ordinarily used in order to carry on these operations. However, to some extent this borrowing authority could conceivably serve to back up FNMA's liability on money borrowed from the public. FNMA also has authority to borrow $3,425,000,000 from the Treasury in order to carry out its special assistance programs.

CONFIRMATION OF APPOINTMENT OF CLARK R. MULLENHOFF TO THE U.S. ADVISORY COMMISSION

Mr. WILLIAMS of Delaware. Mr. President, on May 1 the Senate confirmed Mr. Clark R. Mullenhoff to be a member of the U.S. Advisory Commission on Information.

I was unavoidably detained from the floor at the time of this confirmation; however, I do want the RECORD to show that I consider this to be an excellent appointment.

I have known Mr. Mullenhoff for a number of years and consider him not only one of Washington's most respected reporters, but also an able student of foreign affairs. With his experience as an extensive traveler and as a reporter he can make an invaluable contribution to the Commission to which he has been appointed, and I compliment the President upon selecting him for this appointment.

In the printing of the permanent RECORD I ask unanimous consent that these remarks appear at the appropriate place on the day of his confirmation.

PRIVILEGE OF FLOOR FOR DONALD A. WEBSTER, OF THE STAFF OF THE JOINT ECONOMIC COMMITTEE

Mr. BUSH. Mr. President, I ask unanimous consent that this afternoon, when I address the Senate on the subject of the balance of payments, Mr. Donald A. Webster, of the staff of the

facilities cannot be regularized, and tragic accidents have resulted. One is baffled by the logic of those who, in the name of safety, want to eliminate the carriers from their proven supplemental service, confining them to the sporadic charter operation.

There are basic principles in the Senate version which must not be compromised, and the Senator from Oklahoma [Mr. MONRONEY] should receive all possible support for the Senate's position. If those supplementals which have a good record are banished by statute from being a factor in aviation travel, the loss will be irreparable. Any mistake here will be impossible to undo.

Elimination of the competitive element is only one facet of the problem of growing monopoly in aviation. On April 11, the senior Senator from Oregon warned of the maneuvers that have been going on since the end of the war, to eliminate any new competition, then reduce internal competition, and divide the sky among a few supercarriers—a giant aviation cartel. And the House Antitrust and Monopoly Subcommittee, under the able chairmanship of Representative CELLER, has just revealed how the largest financial interests in the country have moved into air transportation, dominating the management, pushing for mergers and the elimination of competition on vast segments of the air lanes. We must remember that the original number of route carriers has already been cut almost in half and that since 1938, I am informed, not one certificate has been granted to a new enterprise to compete with the grandfather carriers.

These supplementals are legitimate and necessary competitors. Their demise would create a sizable problem of lost competition in an industry which is already gearing itself for increased concentration. Because of the antitrust aspects of this matter, some of which have already been spotlighted by the senior Senator from Oregon, I have asked the staff of the Antitrust and Monopoly Subcommittee, of which I am chairman, to analyze the issues and the facts presented by this situation in connection with its present investigation of mergers and concentration in the transportation field. And I urge my colleagues most strongly to rise to the support of the original Senate version of S. 1969 as introduced by the very able and knowlegeable Senator from Oklahoma, who as "Mr. Aviation" is recognized by the airline industry as a fair and sincere legislator in the interests of aviation for all of the people.

Mr. HILL. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HILL. Madam President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROPOSED STANDBY PUBLIC WORKS ACT OF 1962

Mr. COOPER. Madam President, Senate bill 2965, entitled the "Standby Public Works Act of 1962," has been reported to the Senate and may become the pending business after the literacy test measure. In the committee I moved with the Senator from Delaware [Mr. BOGGS] to strike from the bill all except section 8, known as the Chavez amendment, and the sections needed to implement it. The motion was defeated, and I then voted against reporting the bill, although I support a public works program to assist people who cannot secure employment.

When S. 2965 becomes the pending business, I shall again offer my amendment.

The effect of the amendment would be twofold. First, it would strike from the bill the sections giving authority to the President to accelerate or initiate the construction of $2 billion of public works projects whenever unemployment increases, from any level, by 1 percent in a period of 3 to 9 months.

The second purpose of my amendment would be to retain the Chavez amendment. Distinct from the $2 billion "standby" proposal, this section authorizes Congress to appropriate up to $600 million for civil works projects to relieve existing unemployment. The Chavez amendment should be modified, and its authority limited. But it does define the areas where unemployment is most serious, and provides criteria for the employment of persons who are in the greatest need. It is designed to give immediate help, and would enable projects to be started quickly. Further, funds for this section would be provided in the regular way, through appropriations by the Congress.

I shall briefly identify my reasons for proposing the elimination of all of S. 2965 with the exception of the Chavez amendment.

First. The unprecedented authority provided to the President to borrow $2 billion from funds of other agencies—without approval of the Appropriations Committees—should not be granted. The proposal to borrow money from agencies, such as the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, Federal Home Loan Banks and Housing and Home Finance Agency—which protect the homes and savings of the American people—cannot be justified. To show how far-reaching this bill is, it moves beyond agencies which are purely U.S. agencies, and could even impair the credit of the World Bank. Today, I will make a statement on the Senate floor describing the effect of transferring to some public works agency the resources of the World Bank.

Second. The borrowing scheme may be a method of avoiding deficits and the appropriation controls of the Congress in one fiscal year, but it would be necessary to replace the sums borrowed in future years.

Third. Authority is given to the President to modify the criteria and standards of the established civil works programs, considered and approved by the Congress, for which funds have been appropriated, and which are accepted by State and local governments. No effective guidelines binding the President and his delegates are set forth in the bill.

Fourth. It has not been determined that a $2 billion public works spending program is the best method of reducing unemployment. We have not yet even had sufficient experience with the Area Redevelopment Act, which I cosponsored, to know the effectiveness of its programs.

I support a public works program to assist people who cannot secure employment. It is evident that in our growing and rapidly changing economy, with the modernization and automation of industry, there are people for whom employment must be provided until retraining programs become effective and longer term programs develop.

When S. 2965 becomes the pending business, I expect to elaborate these arguments. But it is important that the Congress, and the country know about this bill and its far-reaching implications.

USE OF RESOURCES OF THE WORLD BANK TO FINANCE THE STANDBY PUBLIC WORKS ACT OF 1962

Mr. COOPER. Madam President, I wish to discuss for a few minutes the proposal in the Standby Public Works Act of 1962 to draw on the credit of the World Bank. I doubt if the implications of that proposal have been thoroughly considered by the Department of the Treasury, the Department of State, and the appropriate committees of the Congress. The bill, S. 2965, as reported to the Senate last week by the Committee on Public Works, proposes to finance a a $2 billion public works program in whole or in part by drawing on funds now authorized to be used, if needed, for payment of the stock the U.S. Government holds in the International Bank for Reconstruction and Development, known as the World Bank.

This might have been possible under the very broad language of the administration bill as introduced, which permitted the President and his delegates to transfer to some new public works agency or other agencies almost any unobligated funds they chose or discovered. I point out, however, that the bill as introduced authorized the transfer of unobligated balances "available to the departments and agencies of the executive branch." The World Bank is not in the executive branch, but is an international organ.

However, in reporting the bill, the committee specified the use of funds now reserved by law for the World Bank. It set out in the proposed statute itself that the public works program could be financed from the unobligated balances of authorizations available for "payment

of the subscription of the United States to the International Bank for Reconstruction and Development." It did so by adopting a list of items proposed to the committee by officials of the Bureau of the Budget. Later, the precise language of the committee amendment, now incorporated in the bill, was supplied by the Bureau of the Budget.

I am surprised that representatives of the President should suggest such a thing. It is a great mistake. I cannot believe the Senate would ever adopt such a provision. However, it is now in the bill before the Senate, and the effect of the provision must be made clear.

I moved in committee to strike this financing provision from the bill. It was not done, and I voted against reporting S. 2965. I think it proper to state what is involved in the proposal to finance a standby PWA from resources available to the World Bank.

Under the Bretton Woods Agreement of 1944 the United States has joined with 67 other nations in establishing and governing the International Bank for Reconstruction and Development. By the authority of the Bretton Woods Agreements Act of 1945, as amended in 1959, the United States has subscribed to 63,500 shares of the capital stock of the World Bank, according to the economic strength of the United States relative to that of the other member nations. The 63,500 U.S. shares have a par value of $6,350 million. Our capital stock subscription determines, among other things, the voting power of the United States in the World Bank; it is the largest of any nation, and amounts to 29 percent of the total vote in the organization.

On its $6,350 million stock subscription, the United States has paid in $635 million, or 10 percent. The balance is subject to call by the World Bank if and when needed. It is this balance of $5,715 million which S. 2965 tampers with.

The capital stock of the World Bank—both the paid-in and the uncalled portion of the subscripitons—represents the resources behind the Bank's obligations. While the amounts paid in on this stock have been available in large part for loans by the Bank, the remaining 90 percent has not been required; it remains on call if needed to meet obligations on the Bank's borrowings and guarantees. It backs up the Bank's own bonds, which are held by investors all over the world. To quote the point from a publication of the World Bank, "International Bank obligations are backed to the extent of $18.1 billion by the unpaid portion of the Bank's capital. Of this amount, the U.S. share is $5.7 billion."

It is not hard to describe the importance of the uncalled payments of the subscriptions to the capital stock of the World Bank, including the $5.7 billion uncalled portion of the U.S. subscription. The paid-in capital equivalent to $2,111 million—of which the United States has supplied $635 million—is only one of the two sources of financing the Bank's lending operations. An even larger source is the investment market, for the World Bank issues its own bonds and notes, of which $2,228 million are outstanding. The Bank has had 46 issues of bonds and notes, purchased in more than 40 countries. Investors in the United States hold more than $1 billion or about 47 percent of these World Bank bonds.

The credit of the World Bank, backed by the subscription of member nations to its capital stock, stands behind these bonds and notes. The unpaid balances of the subscriptions may never be asked for or needed. But to the extent S. 2965 impairs the authorization for the payment of the United States subscription, it tampers with the financial structure of the World Bank, the resources behind its bonds, and the Bank's ability to raise funds for its lending operations.

I will not describe at this time the development loans of the World Bank in 57 countries on 6 continents, which are made to member governments, their political subdivisions, government agencies and private enterprises. These loans, amounting to over $600 million last year, make possible the development of electric power, of transportation and communications, of agriculture and forestry, and of industry. The purposes of this multilateral financing parallel the purposes of the United States in its own programs of loans to aid the development of the countries of the free world. But I emphasize that the subscription of the United States to the capital stock of the World Bank is fundamental to the Bank's financial structure, and is the basis for its own funding operations to support the development loans.

The Bank's own funding operation exceeds the funds it has available for loans from paid-in capital. It permits firms such as insurance companies, and individuals through their pension funds, to invest in the sound development of other countries, rather than having the Bank depend wholly on government funds supplied by taxpayers. This is a good thing. I cannot understand why anyone would propose to impair even temporarily the ability of the United States to guarantee the credit of the World Bank, which could result in the Bank having to depend instead for its loan funds on additional capital paid in by its member nations, and particularly by the United States.

The Secretary of the Treasury, Douglas Dillon, is Chairman of the National Advisory Council on International Monetary and Financial Problems, and represents the United States in its dealings with the World Bank. The Secretary of State, Dean Rusk, is a member of the Council, as is the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, and the President of the Export-Import Bank of Washington. Yet, neither the Secretary of the Treasury nor the Secretary of State, who also has a primary concern with the successful operation of the World Bank, or any of the other prominent officials, was asked by the committee to testify on the propriety of financing a standby PWA by taking the funds reserved in the Treasury for the World Bank, which are subject to call by the Bank when needed. I doubt very much that the Department of the Treasury and the State Department were aware of the proposal by officials of the Bureau of the Budget to specify in the bill the use of these funds. I have written Secretary Dillon and Secretary Rusk about this matter, and will present their replies to the Senate when I receive them.

The offensive language of S. 2965 is contained in section 10(b) which states that the President, an officer or the head of some agency he names, his delegates, and their redelegates in turn, may cause to be transferred to some new public works agency or any other department or agency "the unobligated balances of authorizations to expend from public debt receipts available for payment of the subscription of the United States to the International Bank for Reconstruction and Development."

In other words, this authority, which has been given by Congress for further payments on the U.S. subscription to the capital stock of the World Bank, if needed, could be transferred to some new public works agency or other agencies, and the Secretary of the Treasury could then use this authorization to borrow money to finance the public works agency.

The authority given to the Secretary of the Treasury by the Congress under section 7(b) of the Bretton Woods Agreements Act to pay the subscription of the United States to the World Bank "from time to time when payments are required to be made to the Banks" and "to use as public debt transaction" the proceeds of any securities issued under the Second Liberty Bond Act as amended, was given to him for the specific purpose of meeting such calls if and when made, and, of course, not for public works spending.

The U.S. Government has assumed a valid and binding international obligation to meet such calls. It seems to me highly questionable whether any part of the borrowing authorization given for that purpose can be regarded as "unobligated."

The uncalled portion of the World Bank's capital constitutes in effect a guarantee for the Bank's own obligations. It is a fundamental feature of the Bank's financial structure, and an indispensable element of its credit worthiness.

Accordingly, I understand the Bank in selling its obligations in the capital markets of the world, including the United States, has included in its prospectuses a statement regarding the obligations of its members on account of the unpaid portion of the subscribed capital. In view of the importance of the United States' market, and because the United States is the largest shareholder of the Bank, special reference is made to the obligations of the United States on account of the unpaid portion of its subscription, and to the fact this this obligation can be met without further congressional appropriation.

If section 10(b) of Senate bill 2965 were enacted into law, the President of the United States would be authorized by means of transfers permitted under that section to reduce the borrowing authority now possessed by the Secretary

of the Treasury to meet the obligations of the United States to the World Bank. While the bill authorizes appropriations to later restore the borrowing authority, it would require action by the House and the Senate to do so. No one can guarantee it would be done, or done promptly. Qualifying the statement now in the Bank's prospectuses to this effect would have incalculable effects on the Bank's ability to raise funds for its operations.

I see no reason or excuse to place the Government of the United States in the position of being open to criticism by owners of the bonds of the World Bank—among whom U.S. and foreign insurance companies, pension funds and trust funds are prominent—for having impaired in this standby public works bill one of the basic considerations underlying their purchase of the Bank's bonds.

The balance of the U.S. subscription to the capital stock of the World Bank may be an "unobligated balance" for the purposes of compiling the Federal budget. But it represents an obligation of the United States entered into under an international agreement implemented by acts of Congress. It is irresponsible for the Bureau of the Budget to propose that these funds be used as part of the peculiar method of financing proposed for the $2 billion standby public works program.

It is an anomaly that, at the very time the Senate Committee on Foreign Relations was considering and approving an authorization to appropriate up to $2 billion for loans to secure the International Monetary Fund—also created by the Bretton Woods Agreement—the Bureau of the Budget and the Committee on Public Works, in order to avoid authorizing an appropriation for the standby public works program, proposes that $2 billion could be taken from the authorization securing the credit of the International Bank for Reconstruction and Development.

As I said, I moved in committee to strike this method of financing from the bill, which includes also authority to transfer funds reserved for the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the Federal Home Loan Board, and the Housing and Home Finance Agency.

The Senate will later have an opportunity to debate the wisdom of this unique financing proposal. I will address myself at that time also, to the merits of the proposed public works program itself, apart from its financing.

Meanwhile, I wished to call attention to the possible effect of this proposal—which I think will never be adopted—in beclouding the financial structure and creditworthiness of the International Bank for Reconstruction and Development.

Mr. HILL. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HILL. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER (Mr. PELL in the chair). Without objection it is so ordered.

A NEW CODE OF BUSINESS ETHICS

Mr. McCARTHY. Mr. President, Mr. Clarence B. Randall, former president of Inland Steel Co., has written an article entitled "For a New Code of Business Ethics."

Mr. Randall writes about the serious scandals which have been revealed, and lists his recommendations for improvement of standards in the business community.

In my judgment, each profession has the basic responsibility for applying ethical principles to the particular circumstances of its members, and also the responsibility for making a continuous effort to make the members of the profession respectful of, and responsive to, its code of professional ethics. The Government can outlaw certain practices, and can establish criminal penalties for violations; but the standards required for business and professional activity in a democratic society go beyond the question of what is legally definable. We cannot expect to achieve by law alone a proper moral climate.

I ask unanimous consent that the article by Mr. Randall, which appeared in the New York Times magazine on April 8, 1962, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FOR A NEW CODE OF BUSINESS ETHICS

(By Clarence B. Randall)

The subject of business ethics, which has been smoldering for some months, has burst into flame. Sparked originally by such events as the prosecutions and convictions in the electrical industry and the fall from grace of a member of the New York stock exchange, this fire has fed rapidly on highly combustible material which it has encountered in the field of public opinion. Sensing the possibility of a major conflagration, the Kennedy administration has sounded an all-out alarm.

Secretary of Commerce Hodges recently made a most courageous and forthright address on the subject in Miami, and the Pentagon has announced that it will firmly enforce a new policy directive requiring the very highest moral standards on the part of all who are engaged in military development and research activities.

Above all, President Kennedy himself did exactly the right thing when he placed the responsibility where it belongs: mainly, on industry itself. He appointed a committee of distinguished businessmen from all sections of the country to serve as his Business Ethics Advisory Council. They have now presented to him a report which poses very searching inquiries, indeed, to the industrial community.

From these and other signs it is clear that industry in this country is facing a moral crisis. The American people are taking a new, hard look at us and are asking themselves whether by any chance the whole lot of us are dishonest.

They demand urgently to know whether we operate behind a pious facade, whether our public posture is a fraud, whether deep down inside we are completely antisocial in our purposes. We are not yet convicted in the public mind, but a heavy cloud of suspicion surrounds us.

We must face this issue squarely, as indeed the electrical industry itself has. In my opinion, we must at once do one of two things. If our ethical practices are in fact shameful, we must change them forthwith, and make it clear that we have done so. If conscience tells us that they are completely above reproach, we must offer a new declaration of faith to the American people, and then by our conduct demonstrate the complete integrity of our purposes.

No man of senior years, like myself, can fail to sense that the moral climate in industry today is greatly improved over what we knew in earlier years, but this is partly because it was so bad in the period when we first went to work. We remember all too vividly practices which prevailed then, and which we would now like to forget.

For example, in the steel industry, I knew a time when it was common for one company to endeavor continuously by subversive means to steal the research secrets of its competitors. This was done in many ways, with all the stealth of a Communist agent. Technicians in other laboratories would be suborned and for a fixed payment per month, delivered in rolls of bills at secret rendezvous, would turn over copies of blueprints or duplicates of new formulas. A second and even more effective way was simply to hire away the chief chemist or other research officer by doubling his pay, on condition that he would bring his secrets with him.

During the Great Depression, these methods were applied to sales. The vice president of a company whose pay had been severely cut was an easy mark for the competitor who offered a big increase. When he changed jobs, he brought his little black book with him, and revealed the secret rebates which he had been giving customers. The trouble was that his aroused former employer often hired him back at the end of the first year, and when he returned he crossed up his new employer and took his new little black book with him.

There was another kind of venality—a betrayal of trust within a company for a cold cash payment. I was once trapped in the midst of one such nasty situation where, for every carload of steel scrap shipped to the steel plant, the inspector was paid handsomely for not looking beneath the top layer. Nor was this enough. A further shocker was in store for me, because I found that the shipper who had bought the inspector had also bought the court.

Bribery of public officials, the crude buying of legislators, was also wisely practiced in earlier days. The notorious black bag was not a fiction in my day but reality, and devious indeed were the mental processes by which otherwise high-minded men justified the practice. For example, I knew a company which for years secretly put a particular member of the legislature on its payroll for $400 a month (that was real money then) with the justification that he was making a great personal sacrifice in accepting the office. I do not recall, however, that he ever voted for a measure of which the company disapproved.

And I knew another corporation in which the officer who handled the taxes was directed by the president to get the assessment reduced, and not to report back. He did in fact get the assessment down. He did it by meeting the assessor in a hotel room. And he did not tell the boss what he had done—but he did tell me.

Now most of those crude and crass practices have disappeared from American business practice—must, but not all. For example, the large-scale pirating of trade secrets in big industry is no longer resorted to. In steel, at least, technical information is now openly and freely exchanged. Advances based upon research by one company become available to all. Competitors have learned that they gain more that way than they lose. Nevertheless, in new industries which depend heavily on design factors and advanced technology, or in fields where only a few large companies carry on research programs, I suspect that the stealing still goes on.

Graft, unhappily, is still practiced by many at the municipal level, in such cases as buying off an alderman for an alley permit and this is very wrong. Though undoubtedly rare, money may still sometimes actually pass a member of a State legislature, or of Congress, to influence his attitude.

I regret, too, that in all candor I must record the unsavory fact that there is a related area of business endeavor where the state of morality is very low indeed, and where there is a stain on the conscience of industry which need to be removed, and removed soon. I mean the bribery of officials in the governments of new countries in the underdeveloped parts of the world.

In the course of my government service, I visited many of these areas. I know whereof I speak, and I say that there are many otherwise respectable companies which still buy their way in when it comes to securing a mineral concession or establishing an operation in a remote part of the world.

This must stop, and it can only be accomplished by self-discipline. Surprisingly enough, I happen to have grave doubt whether it is a violation of any present Federal law for an American citizen to corrupt an officer of a foreign government, but that fact merely highlights the challenge to our business leadership. I reject the argument that other nations are doing it, and therefore we must if we are to compete. Better to lose the business than to deny our heritage. The entire prestige of our country, and its ability to preserve our way of life in the world, is at stake. Those precious values must not be jeopardized by individual dishonor.

In the host countries, someone always knows the facts. What could be more tragic than for us to lose an air base that is vital to our national security because of moral turpitude on the part of American business? What will be our position when some demagog from the desert calls his people to arms with the cry, "Drive the filthy Americans into the sea. We have been robbed of our ancient heritage"?

Either we have a code of morals, or we do not. If we do, it is for universal application, and must be adhered to in all circumstances, regardless of the impact on earnings. This is the acid test of our integrity.

That was the moral point at issue in the investigations of the electrical industry—setting artificially high prices to keep profits up. It is perhaps unfair to pass judgment upon those cases without personal knowledge of the facts, but who among us can avoid it, when so much is at stake?

For myself, there is no doubt whatever that serious mistakes were made. Things were done which have prejudiced the continuing development of the private enterprise system, and this is bad for all of us. How could this have come to pass? How may one explain these incredible circumstances? All that an outsider may do is to speculate.

Conceivably, for example, these were mistakes of the head, and not of the heart, committed by overzealous executives. It might be argued that here were men who in their daily lives were decent, law-abiding citizens, and who responded to the highest loyalty they knew, the desire to advance the interests of their companies. In other words, it is possible that they put corporate welfare above that of their country merely because they knew no better. It is possible that they simply did not understand the vital function of a free market in a democratic society.

If this were the answer, it would still be bad. To hold the confidence of our public, we in industry must not only have the moral courage to do the right, but sufficient insight to know the right. Our minds must be clear, as well as our consciences.

This hypothesis does not ring true, however. These executives were men of long years of service and broad experience, and it is hard to believe that they did not know that they were violating the law. Our moral crisis is there, either way.

But beyond these proved and punished aberrations there are large, new, somewhat peripheral areas of moral problems, of such comparatively recent origin that the issues have not yet been sharply defined, nor full corrective measures taken. Here the impeccable conduct of the many is being placed in jeopardy by the rascality of the few.

This is a partial list:

1. Lack of truth in advertising: There is still an occasional buisness buccaneer who misrepresents the quality of the product, or who understates the price by concealing the fact that there are indispensable accessories which will also be required.

2. The credit racket: There are still unscrupulous vendors who overpersuade the unwary buyer of modest means by the no-payment-down, take-all-the-time-you-need pitch. The true interest charge on the deferred balance is not revealed, and the seller makes his money out of the financing of the debt rather than as legitimate profit on the merchandise.

3. The union agent racket: There are still evil-minded employers who cross the palm of the organizer, and buy exemption from legitimate worker grievances, thus cheating the employees, and rejecting the responsibilities of orderly collective bargaining.

4. Denial of promotion on merit to minority groups: There are still those who give lipservice in public to the doctrine of fair opportunity for all workers, regardless of creed or color, but who deny it in actual practice.

5. Expense account cheating: No well-informed observer can doubt for a moment that the Federal Government is still being deprived of large sums of revenue by the unscrupulous padding of income tax deductions claimed as business expenses. The honest citizen pays more than his share of the taxload when the man who cheats pays less.

In listing this catalog of corporate sins one must, in fairness, point out that industry is not alone in having its moral lapses. The commercial world has no monopoly on character weakness. There are newspaper reporters who state as fact that for which they have no documentation; there are clergymen whose conduct is such that they have to be unfrocked; there are scholars who must be dismissed from faculties; there are surgeons who split fees, and lawyers who are disbarred.

But the human frailty of others can never justify moral turpitude in business. The American people are entitled to expect the very best from us at all times. We have no present alternative other than to submit forthwith all our practices to the most intensive reexamination, done in an atmosphere of heart-searching humility, and thereafter we must have the fortitude to do the right, wherever that may take us. We can and must set off a moral and spiritual reawakening which will touch every segment of American life.

Here is a unique challenge for our trade associations. Let our two great groups, the National Association of Manufacturers and the U.S. Chamber of Commerce, seize the initiative in denouncing obvious misconduct and in proclaiming new codes of ethical conduct. Then let the trade groups, industry by industry, promote the doing of the right as zealously as they now promote the sale of the product.

Above all, let each corporate officer determine in his own heart that never again will he put expediency above principle, never again let a chance for a quick profit stifle the dictates of his conscience.

Only thus can the survival of private enterprise in this troubled world be assured.

HANDLING WELFARE PROBLEMS

Mr. McCARTHY. Mr. President, the manner in which welfare problems have been handled and are being handled throughout the country has been a subject of much discussion in the Congress and among the press and other publications in our country. In St. Paul, Minn., an excellent program has been worked out. It is the subject of an article entitled "A Way Out of Our Welfare Dead End," which was published in Look magazine for May 8, 1962. The article briefly outlines the constructive approach taken by the Ramsey County Welfare Board to welfare problems.

Because of the concern with effective welfare work and its rising costs throughout the Nation, I should like to bring this article to the attention of the Senate. Therefore, I ask unanimous consent that the article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A WAY OUT OF OUR WELFARE DEAD END

(By Jack Star)

It is becoming increasingly obvious that something is radically wrong with our public-welfare program. More than 7 million persons now receive public assistance, and annual relief costs have risen from less than $1 billion to more than $4 billion since the end of World War II. What can be done about this problem?

"We're at a dead end," says a social worker who is critical of social work as it is practiced today. "The emphasis should be on rehabilitation and not on determining who's eligible for relief. But we don't have time to rehabilitate anybody."

There are only 35,000 social workers and supervisors for the 7 million people on relief, he points out. "When a social worker has to take care of 150 or 200 or even 250 cases, he only has time to be a bookkeeper. Once a year, he may get the chance to visit a family needing help, but mostly he shuffles papers. His daily routine is the handling of emergencies, such as a family being evicted or an old person running out of groceries. He certainly doesn't have a chance to get to the bottom of a problem."

Welfare administrators in big cities are uneasily aware that present techniques are failures. James R. Dumpson, welfare commissioner of New York City, and Chicago's Roymand Hilliard, director of the Cook County Department of Public Aid, criticize legislators for their unwillingness to finance research and experimentation.

"It's ridiculous to have a $300 million budget and not be allowed to spend money to see if we can do our work better," says Dumpson.

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
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HIGHLIGHTS: House passed resolution to defer proclamation of wheat marketing quotas. Several Representatives discussed Estes controversy. House committee reported bill to revise school lunch fund apportionment formula. Rep. Findley criticized USDA administration of feed grain program. Sen. Williams, Del., charged mistreatment of USDA employee in Estes case. Sen. Allott called for resignation of Secretary Freeman as result of Estes case. Sen. Carroll commended new sugar proposal. Sen. Ellender and Reps. Cooley, Abernethy, and Rogers, Tex., introduced sugar bills.

SENATE

1. AGRICULTURAL IMPORTS. Began consideration of H. R. 10788, to amend Sec. 204 of the Agricultural Act of 1956 so as to authorize the President to regulate imports of agricultural commodities, including textiles and textile products, from nonparticipating countries of multilateral trade agreements. p. 7683

   Sen. Johnston urged passage of the bill as a means of providing protection for "our domestic industries from cheap foreign products." pp. 7682-3

   Sen. Mundt, for himself and Sens. Hruska and Case, S. Dak., submitted an amendment intended to be proposed to this bill. p. 7662

2. FARM PROGRAM. Sen. Williams, Del., charged that an employee of this Department connected with certain files on the Estes case had been mistreated, and renewed

his request for a full investigation of the Estes case. pp. 7708-9
Sen. Allott discussed the Estes case and called for the resignation of Secretary Freeman as a result of it. pp. 7721-4

3. SUGAR. Sen. Carroll expressed pleasure that "the principal negotiators on a new sugar program have just about arrived at complete agreement," and stated that he expected "this agreement will give the domestic industry a share of the total quota, a fraction of a percentage point under 60 percent, and it will also give the domestic sugar industry about 63 percent of the growth in consumptive demand over the overall quota of 9.7 million tons." pp. 7681-2

4. PUBLIC WORKS. Sen. Humphrey objected to a unanimous consent request by Sen. Robertson for the referral of S. 2965, the standby public works bill, to the Banking and Currency Committee for study. Sens. Lausche, Bush, Capehart, Saltonstall, and Cooper debated the merits of such a referral. pp. 7665-8

5. FOREST RESEARCH. Sen. Byrd, W. Va., inserted and commended an address by Sen. Stennis at the dedication of the Southern Hardwood Laboratory, Stoneville, Miss., on the importance of forest research. pp. 7678-80
Sen. Miller inserted an article commending the proposed Lewis and Clark Wildlife and Recreational Trailway from Mo. to Ore. p. 7706

6. FOREIGN TRADE. Sen. Miller expressed concern over the possible effects of the proposed trade expansion bill on domestic agriculture, stated that "the Common Market has adopted a completely protectionist policy in regard to agricultural commodities which have been exported from Iowa," and inserted an editorial and article to support his position. pp. 7702-4

7. YOUTH CONSERVATION CORPS. Sen. Moss urged enactment of legislation to provide for establishment of a Youth Conservation Corps and inserted an editorial supporting such legislation. p. 7709

8. WATERSHEDS. Sen. Carlson inserted an editorial discussing the opposition of the Association of Kan. Watersheds to authorization of the Woodbine Dam and Reservoir as proposed by the Corps of Engineers. pp. 7663-4

9. ATOMIC ENERGY. Sen. Aiken urged expansion of the cooperative program for the development and construction of atomic-power reactors and contended that the Administration is attempting "to put a roadblock in the way." pp. 7706-8

HOUSE

10. WHEAT. Passed without amendment S. J. Res. 185, to authorize the Secretary to defer until June 15, 1962 (rather than May 15) the proclamation of marketing quotas and acreage allotments for the 1963 crop of wheat. This measure will now be sent to the President (p. 7634). The Agriculture Committee reported a similar resolution without amendment on May 11 (during adjournment of the House), H. J. Res. 710 (H. Rept. 1672), which was tabled. p. 7648
Rep. Feighan discussed the shipment of grain from Canada to Red China and inserted an article, "Allen-Scott Report -- Sino-Soviet Cooperation Evident in Grain Shipments From Canada." pp. 7635-6

11. FARM PROGRAM. Rep. Anderson, Ill., called for "a thorough investigation by the appropriate committee of this House of the shocking events that have apparently taken place, in the case involving Billie Sol Estes." p. 7628

Under one proposal he could spend public funds without appropriation; this is pending in the Senate now. Under the other proposal, just received, he could cut taxes by Executive order.

Both proposals would undermine the Constitution which prohibits expenditures except in "consequence of appropriations made by law," and fixes the taxing power of the Government in the legislative branch.

The President says he wants these powers for use in unemployment relief. Where is the emergency justifying such grants of power? It is here? Is it imminent? Or, is it a plan to speed up spending?

He is asking not only for these vast powers in the name of unemployment, but also for federalization of unemployment insurance. Such emphasis in high places on unemployment might in itself bring on recession or depression.

If Congress is not in session in event of emergency, it will be available for immediate call. It would be better for it to remain in constant session than to place more power in the Executive.

Use of the Federal whiplash on a segment of the Nation's industry in recent weeks shocked the country, but it should have surprised no one at this late date.

The increasing dominance of the executive branch in the Federal Government is combined with the usurpation of power in a continuing line of decisions by the Warren Court.

This Court is now undertaking to dictate or influence the formation of political districts within States from which members of State legislatures are elected.

Gerrymander by the Federal judiciary is something new and dangerous in our form of government. It could destroy the effectiveness of our two-party system.

The so-called public works bill now before the Senate not only would authorize the President to spend $2 billion of funds authorized for other purposes, he could invade State and local jurisdictions.

Standby power to reduce taxes in recessions would open the door for Executive usurpation of more and more of the taxing power, which is the greatest and most dangerous power of any government.

When we undermine the safeguards against the Federal power to spend and tax, and strike down the checks and balances in our dual system of State and Federal Government, we are indulging in national self-destruction.

The present requests for more Presidential power to spend and adjust taxes are the latest climax in a chain of Kennedy proposals to concentrate more power in the executive branch in Washington.

Proposals in the field of public education, medical care, social security, transportation, rebuilding of cities, and tariffs would set the stage for the exercise of vast controls in these vital areas by the executive branch of the Federal Government.

Much of the usurpation of power would come through new spending proposals. Some 200 actions and proposals involving increased Federal obligation of public money and credit can be documented in Presidential communications to Congress during the present administration.

Increased expenditures and credit are proposed for housing, urban renewal, public assistance, education, health, water resources, river basin development, etc.

Huge spending is contemplated in such new programs as space, moon and ocean exploration, depressed areas and jobless retraining.

Still more Federal spending programs are being formed in surface and mass transportation, acquisition and development of open spaces, etc.

Other proposals include increased grants to States and payments to individuals and institutions in existing programs for public assistance, health, higher education, etc.

Virtually no area of domestic-civilian activity by the Federal Government is being overlooked in proposals for increased spending and use of public credit.

Expansion of foreign aid programs, including the Peace Corps which was established without benefit of legislation; and the military build-up with new emphasis on civil defense are in addition.

Under other proposals there would be vast increases in trust fund expenditures and taxes outside of the regular Federal budget for unemployment and aged health insurance, social security recipients, and continuing increases for highways.

When the President sent his message to Congress Tuesday asking for the delegation of taxing powers to him, he included a draft of the bill he wants Congress to enact.

The introductory section of the law he wants set forth a concept of the use of the taxing power which is foreign to the fundamental principles on which our form of government is founded. I quote it directly:

"FINDINGS AND DECLARATION OF POLICY

"This section sets forth the congressional finding that the taxing power is an instrument which the Federal Government can use to meet its responsibility set forth in the Employment Act of 1946 to promote maximum employement, production and purchasing power. It sets forth the declaration of congressional policy that it is desirable to adopt a procedure to provide for the effectuation of reductions of individual income tax rates, in limited amounts and for limited periods, more speedly than by means of the enactment of specific legislation."

JOURNALISM SCHOLARSHIP IN MEMORY OF THE LATE HERMAN A. LOWE

Mr. AIKEN. Mr. President, on May 9, Mr. E. W. Scripps II, chairman of the Sigma Delta Chi Foundation, of Washington, D.C., announced the establishment of a $500 journalism scholarship in memory of the late Washington newsman, Herman A. Lowe.

Herman Lowe not only was a distinguished journalist, but also a good friend especially to those of us in Congress who were fortunate enough to be covered by his news bureau.

I never knew Herman to want to "get" anyone. Rather, he was helpful to all who came in contact with him, particularly those in his own profession. He gave great encouragement to newcomers in the world of journalism.

It is, therefore, fitting that the Herman A. Lowe Memorial Scholarship in Journalism should be established to help worthy students who need financial assistance to continue their full-time schooling in pursuit of a journalistic career.

The first scholarship will be awarded this June for the 1962–63 academic year to a student who intends to follow this field as a career and who is at the present time a sophomore or junior at American, Catholic, Georgetown, George Washington, or Howard Universities, or the University of Maryland.

I can think of no greater tribute nor memorial than this for Herman Lowe.

Mr. SCOTT. Mr. President, the establishment of a $500 journalism scholarship in memory of the late Washington newsman, Herman A. Lowe, was announced today by E. W. Scripps II, chairman of the Sigma Delta Chi Foundation of Washington, D.C.

The first annual scholarship will be awarded in June for the 1962–63 academic year to a student who intends to follow journalism as a career and who is presently a sophomore or junior at American, Catholic, Georgetown, George Washington, or Howard universities, or the University of Maryland.

The Herman A. Lowe Memorial Scholarship in Journalism was established to help worthy students who need financial assistance to continue their full-time schooling in pursuit of a journalistic career.

Mr. Scripps, who is vice president of Scripps-Howard Newspapers and a former national president of Sigma Delta Chi, disclosed that the deadline for applications for the first award is May 26, 1962. The winner of the first scholarship will be announced at the annual banquet of the Washington professional chapter of SDX on June 13.

This scholarship has been endowed as a tribute to Mr. Lowe, a distinguished journalist who was a member of the Washington Professional Chapter of Sigma Delta Chi, national professional journalism society.

A native of New York City, Mr. Lowe was graduated from the Wharton School of the University of Pennsylvania. He served progressively as reporter, day city editor, night city editor and political correspondent of the Philadelphia Inquirer. In 1942 he was assigned to the Inquirer's Washington bureau.

Mr. Lowe founded his own Washington bureau, the Penn-Federal News Bureau in 1947. He also served as Washington bureau chief of Variety. At the time of his death in 1961, he had completed 3 years as Director of Development and Public Relations of the Albert Einstein Medical Center in Philadelphia.

He was awarded the Sigma Delta Chi special citation for Washington correspondence in 1946. He contributed articles to national magazines and was a frequent guest lecturer in journalism classes.

Mrs. Herman A. Lowe and her brother, Bernard G. Segal, Esq., a Philadelphia attorney, took an active interest in the formation of the scholarship program.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS

Mr. ROBERTSON. Mr. President, last week I was under the impression that after the Senate had disposed of the cloture motion this morning the leadership probably would move that the Senate consider the standby public works bill. I now understand that the leadership does not intend to have that bill considered today.

Under the rule, I gave notice that I would move to refer the bill to the Committee on Banking and Currency.

When the President's message came to the Congress it was referred to the Committee on Banking and Currency. When the bill was introduced, the bill was referred to the Committee on Public Works, because the bill, as framed,

dealt primarily with public works; but the committee amended the bill to provide for taking $2 billion out of trust funds which are under the jurisdiction of the Committee on Banking and Currency, on which subject there has been no hearing.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the statement I had planned to make if I had had the privilege of moving that the bill be referred, plus a statement of the provisions relating to the agencies under the jurisdiction of the committee, from which the $2 billion is to be raided; and I now ask unanimous consent that the bill be referred to the Committee on Banking and Currency, where appropriate hearings with respect to the $2 billion fund can be held.

Mr. HUMPHREY. Mr. President, reluctantly I must object to the request of the Senator. The bill is not before the Senate. When the bill is before the Senate, then such a request might be in order. I object.

Mr. ROBERTSON. Did I receive unanimous consent to have printed in the RECORD the statements to which I referred?

Mr. HUMPHREY. I have no objection to that request.

The PRESIDING OFFICER (Mr. BURDICK in the chair). Objection is heard.

Mr. ROBERTSON. Mr. President, was unanimous consent granted for my material to be printed in the RECORD?

Mr. HUMPHREY. I have no objection to the printing of the material in the RECORD. It was the request that the bill be referred to the Committee on Banking and Currency to which I objected.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

The Committee on Banking and Currency, under rule XXV, paragraph (d), has jurisdiction over legislation relating to the following subjects:

Banking and currency generally.
Deposit insurance.
Public and private housing.

The President's message relating to the proposal which has now become S. 2965, also described as the "Standby Public Works Act of 1962," was referred to the Committee on Banking and Currency. However, after further consideration, when the bill was introduced it was referred to the Committee on Public Works. This did not seem inappropriate at the time because the principal subject matter of the bill was a proposal relating to public works, including standby public works.

However, as amended by the committee, the principal effect of the bill would be to weaken and impair our Nation's banking system, our Nation's savings and loan system, our Nation's home loan bank system, our responsibilities under the Bretton Woods Agreements Act, and, in addition, it would impair many housing programs.

To finance the standby public works program would involve expenditures up to $2 billion. I shall not elaborate upon the method of financing this program in any great detail at the moment. It is enough, I think, to say that the funds would be taken from the borrowing authorities which now provide the basis for the insurance of bank accounts and savings and loan accounts, and from the funds which back up World Bank bonds and Federal Home Loan Bank bonds which have been issued and sold to thousands of investors on the good faith of the United States. I have had a memorandum prepared which sets forth the statutory provisions involved and summarizes briefly the programs which would be affected by this bill.

I am including this memorandum following these remarks.

I believe it is absolutely essential to refer S. 2965 to the Committee on Banking and Currency so that hearings can be held at which the Committee can obtain the views of the executive branch, particularly the views of the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the Federal Reserve Board, the Comptroller of the Currency, and the Home Loan Bank Board; the industries affected, banks, savings and loan associations, homebuilders and other elements of the housing industry; and the millions of individuals who have deposits in insured banks, who have savings in insured savings and loan associations, who have purchased Federal Home Loan Bank bonds; and the many other millions who are interested in the housing industry.

FINANCING PROVISIONS OF S. 2965—THE STANDBY PUBLIC WORKS BILL

Section 10 of S. 2965 provides a $2 billion fund for the public works acceleration program authorized by the bill. Section 10(b) would provide, in part, as follows:

"In order to expedite financing activities under this Act, the President may, during the existence of the public works acceleration period, cause the unobligated balances of authorizations to expend from public debt receipts available for the Housing and Home Finance Agency, for loans to the Federal Savings and Loan Insurance Corporation, for loans to the Federal Deposit Insurance Corporation, for the purchase of obligations issued by the Federal Home Loan Banks, and for payment of the subscription of the United States to the International Bank for Reconstruction and Development, which are estimated to be in excess of the amount needed in the current fiscal year for obligation or expenditure for the purposes for which they were made available (but not the balances of trust funds), to be transferred to the appropriate accounts of any such agency or other department or agency in such amounts and at such times as he may deem appropriate and, notwithstanding the provisions of any other law, such transferred balances may be used for the purposes of this Act: *Provided*, That there are hereby authorized to be appropriated such amounts as may be required to restore such transferred balances not otherwise restored to the sources of funds from which they were derived: * * *"

FEDERAL DEPOSIT INSURANCE CORPORATION

Accounts in more than 13,000 banks are insured by FDIC, up to $10,000 per account. This is about 97 percent of the country's banks. A total of $150 billion of accounts is insured, and the total deposits in insured banks is about $260 billion. These include both commercial and savings banks. This insurance is backed up by an insurance fund of almost $2½ billion built up from assessments on the banks. In addition to this reserve fund, the government has agreed to make available $3 billion by the use of borrowing authority provided under the Federal Deposit Insurance Act. This borrowing authority has never yet been used, but it is generally considered an essential part of the Federal deposit insurance program.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Savings accounts in more than 4,000 savings and loan associations, Federal and State, are insured by FSLIC, up to $10,000 per account. Savings in insured savings and loan associations are about 95 percent of total savings in such associations and amount to more than $67 billion, about 96 percent of which is covered by insurance. This insurance is backed up by an insurance fund which last December amounted to about $450 million, built up from premiums on insured savings and loan associations. In addition to this reserve fund, the Government has agreed to make available $750 million by the use of borrowing authority provided under the National Housing Act. This borrowing authority has never yet been used, but it is generally considered an essential part of the Federal savings and loan insurance program.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The United States is a member of the International Bank for Reconstruction and Development—the World Bank—through its participation in the Bretton Woods Agreements and the Bretton Woods Agreements Act and amendments thereto. The United States has paid in $635 million of its subscription in accordance with the Bank's articles. The balance of $5,715 million is subject to call to meet obligations of the Bank. Based on this commitment of the United States and similar commitments from the other members of the Bank, the World Bank has sold about $2.4 billion of bonds in the United States and in foreign countries. These bonds are considered, in large part because of the commitment of the U.S. Government, as being of the highest value and soundness. In selling its obligations, the Bank has included in its prospectuses the following language: "Under the Bretton Woods Agreements Act, the Secretary of the Treasury is authorized, without any requirement of further congressional approval, to pay the $5,715 million unpaid portion of the subscription of the United States from time to time when payments are required to be made to the Bank and to use for this purpose the proceeds of U.S. Government borrowings."

FEDERAL HOME LOAN BANKS

Federal Home Loan Banks are authorized to issue obligations to the public in order to provide funds for savings and loan associations belonging to the Federal Home Loan Bank System. About $1.5 billion of such obligations are now outstanding. These obligations are secured in part by the authority to borrow from the Secretary of the Treasury up to $1 billion outstanding at any one time. No borrowings have been made under this provision, but it is generally considered an essential part of the security behind Federal Home Loan Bank obligations.

HOUSING AND HOME FINANCE AGENCY (TREASURY BORROWING AUTHORITY)

The HHFA has authority to borrow from the Treasury in order to carry out a number of its loan programs:

Total borrowing authority

[Millions of dollars]

College housing loans	2,875
Public facility loans	600
Transportation facility loans	50
Urban Renewal loans	1,000
Public Housing Administration loans	1,500
Federal flood indemnity	500

In addition, FNMA has authority to borrow from the Treasury $2¼ billion as part of its secondary mortgage operation. Such borrowings are ordinarily used in order to carry on these operations. However, to some extent this borrowing authority could conceivably serve to back up FNMA's liability on money borrowed from the public. FNMA also has authority to borrow $3,425 million from the Treasury in order to carry out its special assistance programs.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. ROBERTSON. If I have any time remaining, I yield to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. LAUSCHE. Mr. President, I concur in the statement made by the Senator from Virginia. We are presented with the frightening and shocking situation in which it is contemplated to take $2 billion from the funds that have been pledged to bank, building and loan depositors, and others to whom such obligations would be due in the event an untoward situation shoud arise in our economy. The effort is now being made to take trust funds from the pool to which they have been legitimately pledged. If such action took place in private business, it would be a crime; yet it is contemplated in the proposal to which the Senator from Virginia referred .

Mr. BUSH. Mr. President, I strongly favor the position taken by the distinguished Senator from Virginia [Mr. ROBERTSON] and the distinguished Senator from Ohio [Mr. LAUSCHE] in respect of the bill S. 2965, the Public Works Acceleration Act. The bill is one of the most amazing I have ever seen in my 10 years in the Senate. It is incomprehensible to me how the President could ask for authority to raid trust funds that have been dedicated by law enacted by Congress to specific purposes. There is nothing that would unsettle our people more than to know that the Federal Deposit Insurance funds might be raided in order to build public works at any time the President in his discretion thought that to do so would be a pretty good idea.

In the minority views I note the sentence:

> This might be termed side-door financing or even slide-door financing. Now you see it; now you don't.

I wish to record my strong protest of that type of proposed legislation. I hope the Senate will permit the bill to be referred to the Committee on Banking and Currency so that witnesses from the agencies involved might be called to testify on the question whether they wish to see the funds of their respective agencies dedicated to the discretion of the President for public works programs any time he thinks it would be a good idea to use them in such a manner.

Mr. CAPEHART. Mr. President, I join with the able Senator from Virginia [Mr. ROBERTSON], the Senator from Ohio [Mr. LAUSCHE], and the Senator from Connecticut [Mr. BUSH], in protesting against the sort of action proposed.

It would be a very serious mistake if the Senate did not refer the proposed legislation to the Committee on Banking and Currency so that the committee might hold hearings and listen to the people who are affected by that sort of proposed legislation.

It is unbelievable that the sort of action proposed could happen in the United States, namely, taking trust funds that have been set aside for specific purposes, particplarly for our banking institutions, our Federal Home Loan Bank, and others, and convert the funds to some other use.

As we know, bank deposits are guaranteed up to the sum of $10,000. It would be my opinion that it would be unprecedented if we should permit the contemplated action.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield if I have the floor.

Mr. SALTONSTALL. I am heartily in accord with what the Senator from Indiana has said. Should we permit the use of trust funds for other purposes, we would violate the promise made to the beneficiaries of such funds when Congress created them. I hope that the bill will be referred to the Committee on Banking and Currency.

Mr. LAUSCHE subsequently said: Mr. President, the Senator from Virginia has spoken on the proposal in S. 2965 with respect to the diversion of funds held in trust for the support of the Federal Deposit Insurance Corporation, the Federal Savings and Loan Corporation, the International Bank for Reconstruction and Development, the Federal Home Loan Association, and several other institutions.

When the people of the country, following the bank crash in the 1930's, were told that their deposits in banks and building and loan associations would be insured up to $10,000, it was asserted that the premiums paid by the banks and building and loan associations would be impounded in trust funds. Also, it was impliedly stated to the people that authority would be made available to the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation to borrow from the Treasury, the authority to be used to fortify, secure, and guarantee deposits.

Those guaranteed funds, which were available to be borrowed from the Treasury, have never been used by either of the two agencies. However, in the Public Works bill, which provides for a $2 billion standby fund, authority is given to the President to borrow under the authority granted to the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation. To the extent that that authority is given, there is definitely constituted a diversion of the funds from the source to which they were initially pledged.

The improper diversion of private trust funds constitutes an offense which is frequently thrown into the category of crime. But in this instance, a proposal is made in the bill to permit the President to take funds in the sum of $2 billion and divert them from the source for which they were intended. I think that such a proposal is not sound. The bill ought to be referred to the Committee on Banking and Currency, where it belongs, especially so far as it deals with the funds which belong to the agencies I have mentioned.

I will support the effort of the Senator from Virginia [Mr. ROBERTSON] to have the bill referred to the Committee on Banking and Currency.

Mr. COOPER subsequently said: Mr. President, commenting on the statements which have been made by several Senators concerning the standby public works bill, I should like to say that when the bill was voted on in the Public Works Committee, of which I am a member, I made a motion, with the junior Senator from Delaware [Mr. BOGGS], to strike from the bill the section which provides for the unusual method of financing public works programs—a section which would authorize the President to direct the transfer of unobligated funds from the Federal Deposit Insurance Corporation, the Housing and Home Finance Agency, the Federal home loan banks, the Federal Savings and Loan Insurance Corporation, and even from the World Bank, to be used on Federal works programs. That motion was defeated.

We then moved to strike from the bill the entire standby provision which would authorize the expenditure of $2 billion. That motion was also defeated. It was after these motions were defeated that we voted against the bill.

Mr. President, a week ago last Thursday, I spoke in the Senate on the possible effect on the financial structure of the World Bank, and on the security for its bonds, of the method of financing the Standby Public Works Act of 1962, as reported by the Senate Committee on Public Works. My remarks appear on page 7089 of the CONGRESSIONAL RECORD for May 3.

I pointed out at that time that while Secretary Dillon is Chairman of the National Advisory Council on International Monetary and Financial Problems, and represents the United States in its relations with the International Bank for Reconstruction and Development, Mr. Dillon had not testified before our committee. I said that I had written him about this, the method of financing S. 2965, and that I would present his reply to the Senate when I received it.

Last week I did receive a reply from Secretary Dillon. I am glad to know from his response that the Bureau of the Budget is reconsidering this matter. While I do not know what amendments are being proposed, I am sure that the financial resources of the World Bank should not be dragged into this public works proposal. The proposals to borrow funds from the amounts set aside for the Federal Deposit Insurance Corporation, the Federal home loan banks, and the Federal Savings and Loan Insurance Corporation are also a mistake. However, at this time I merely wanted to call attention to Secretary Dillon's response.

Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement on the Standby Public Works Act of 1962, a letter that I wrote to Secretary of the Treasury Douglas Dillon on April 28, and his response dated May 4.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

APRIL 28, 1962.

Hon. DOUGLAS DILLON,
Chairman, National Advisory Council on International Monetary and Financial Problems, Department of the Treasury, Washington, D.C.

DEAR MR. CHAIRMAN: Senate bill 2965, known as the "Standby Public Works Act

of 1962," was reported to the Senate this week by the Public Works Committee, of which I am a member. Section 10(b) of the bill as reported would authorize the President, an agency or officer specified by him, and those delegated in turn, to "cause to be transferred" to a new public works agency or any other agency "the unobligated balances of authorizations to expend from public debt receipts available for payment of the subscription of the United States to the International Bank for Reconstruction and Development."

I would appreciate very much any comments you might care to make on the propriety of this method of financing, with particular regard to the support of the World Bank and its operations by the United States.

I understand that under the Bretton-Woods Agreement, the United States has subscribed to the stock of the World Bank in the amount of $6,350 million, has paid in $635 million, and that the balance of $5,715 million, is subject to call by the Bank when needed. I assume that the United States' subscription is a part of the financial structure of the World Bank, and even though not called, supports the bond issues and funding of the Bank.

I have not recently examined the Agreement, or the Bretton-Woods Act as amended. However, I would welcome your opinion as to whether the $5,715 million in borrowing authority available for investment in the International Bank for Reconstruction and Development can correctly be termed an "unobligated balance" as represented to the committee by representatives of the Bureau of the Budget. While it may be an unobligated balance in budgetary terms, I assume it has a statutory purpose which might be impaired if $2 billion of this amount is withdrawn for public works spending.

I know that in your capacity as Chairman of the National Advisory Council on International Monetary and Financial Problems, you represent the United States in its dealings with the World Bank, and in addition to understanding the responsibilities which the United States has undertaken, you may be advised as to the opinion of the Bank on the withdrawal of funds now authorized for the U.S. subscription.

As far as the operations of the Treasury are concerned, however, I would appreciate a description of this authority, and its statutory purposes. For it is not the same as the Treasury borrowing authority for Federal agencies which is also transferable under the bill.

While it now appears that S. 2965 may not be called up in the Senate in the next week, it could come up at any time and very quickly. I want to be able to study this and other information related to the bill before the debate. Therefore, I hope you will send me a reply as soon as possible.

With kind regards, I am,

Sincerely yours,

JOHN SHERMAN COOPER.

THE SECRETARY OF THE TREASURY,
Washington, May 4, 1962.

DEAR SENATOR COOPER: Thank you for your letter of April 28, in which you request my comments with regard to the propriety of the method of financing suggested by S. 2965, particularly as it affects the U.S. support of the World Bank and its obligations.

I shared your concern about the inclusion of the unobligated balance of the U.S. callable subscription to the stock of the World Bank in the amounts to be temporarily drawn upon and later replaced under the arrangements for standby public works authority as set forth in the bill. My concern rested largely on the grounds which you suggest in your letter. However, I am now advised by the Bureau of the Budget that revisions of the bill are being proposed which would eliminate this problem.

Sincerely yours,

DOUGLAS DILLON,
Chairman, National Advisory Council on International Monetary and Financial Problems.

PHILIPPINE PAYMENT BILL DESERVES CONGRESSIONAL SUPPORT

Mr. HUMPHREY. Mr. President, this past week the House of Representatives by a vote of 171 to 201 defeated a bill to authorize $73 million for payments to Philippine citizens and corporations of World War II damage awards made under the Philippine Rehabilitation Act of 1946.

I was most disappointed at this action which was taken by the House of Representatives.

As my colleagues will recall, the 1946 act authorized the full payment of all Philippine war damage claims up to $500 and 75 percent of losses over the $500 limit. Appropriations made to date have permitted the payment in full of all claims up to $500 but only 52.5 percent of the awards beyond the $500 limit. The $73 million as provided in the measure which was defeated in the House last week would take care of the remaining 22.5 percent of the unpaid claims.

This legislation was originally requested by the Eisenhower administration and it has had the full support of the present administration as well.

As the author of a companion measure here in the Senate, S. 2380, I feel very strongly that we have a moral obligation to provide these funds because of the original commitment which we made back in 1946. We have no more loyal ally than the Republic of the Philippines and it seems to me that to reject this bill is a sorry way to treat a country which has supported us so strongly and so ably.

Mr. President, I am hopeful that the Senate will soon act on my companion measure and that the House will re-consider its action of last week. I know that the Members of the House in rejecting this bill did not intend to rebuke the Republic of the Philippines, but I do fear that the people and the Government of that great country will so interpret it.

In conclusion, Mr. President, I ask unanimous consent that an editorial in regard to this legislation which appeared in the New York Times of May 11, be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MISTREATING THE PHILIPPINES

House defeat of a bill to authorize payment of the remaining Philippines war damage claims was a foolish and indefensible act.

This is money the United States has owed the Philippines for more than a decade.

Compensation for property damaged in the Philippines by American forces during World War II—when the islands were American territory—was sanctioned by act of Congress in 1946. The amount later appropriated did not cover all approved claims, and year after year Congress has failed, as the House did on Wednesday, to vote funds to pay the remaining $73 million due despite pleas of the State Department and Presidents Truman, Eisenhower, and Kennedy.

The Republic of the Philippines is one of our stanchest and most important allies; its people and governments have been consistently friends of the United States. Filipinos are justifiably dismayed and angered by this repudiation of an acknowledged debt. The House vote denies to the Philippines funds that had been counted on to bolster efforts of the progressive new Macapagal administration to spur the Philippine economy.

Emanuel Palaez, Philippines Vice President and Foreign Secretary, characterized the House action as evidence that "the United States treats her friends more shabbily than those who are not for her" and said, "One has to blackmail Americans to get anything from them." Unhappily many in the Philippines and people in other countries will agree with him.

The Senate has not acted on the war claims bill. It must, and the House must, reverse itself on this unwise, unjust vote.

THE OLD PEOPLE—MISLEADING INFORMATION ON WITHHOLDING TAX OWED AT SOURCE ON DIVIDENDS AND INTEREST

Mr. DOUGLAS. Mr. President, as we all know, there has been much misinformation about the proposal to withhold the tax on dividends and interest at the source. One example which has been thrown up time and time again is about the elderly couple who are both over 65 who receive $5,000 a year in dividends and about whom it is said that to institute such withholding would be very hard on them.

This example has been used time and again. Those who use it say it proves how unfair withholding would be. However, very few people have taken the time to analyze it, but I intend to do so now.

DIVIDENDS OF $5,000 WOULD MEAN AN INVESTMENT OF $125,000

In the first place, anyone who receives $5,000 a year from dividends and interest would have to have an investment of about $125,000 with a rate of return of 4 percent in order to receive this large an amount from dividends and/or interest in a year.

Anyone with $125,000 in investments, Mr. President, is not exactly a pauper.

ELDERLY COUPLE WITH $5,000 OF DIVIDENDS, WOULD BE EXEMPT

But, Mr. President, this example is wholly inaccurate in any event. Under the bill, an elderly couple with $5,000 in dividends as their only source of income would not be subject to any tax and hence would be exempt from the withholding provisions.

Therefore, statements are misleading like those made on the radio program "Three-Star Extra," which has used this example, and has made such statements as—

Withholding will exceed the couple's taxes by $950—

And—

The couple four times a year * * * will have to apply for this refund and then wait for the application to be processed.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued May 17, 1962
For actions of May 16, 1962
87th-2d, No. 78

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HIGHLIGHTS: House committee reported farm bill. Reps. Battin and Beermann urged investigation of Estes case. Senate debated bill for agricultural import restrictions on nonparticipating countries in multilateral trade agreements. Sen. Proxmire defended cost of dairy program. Sen. Humphrey commended work of Farmers Home Administration. House rejected resolution to disapprove Reorganization Plan to create Office of Science and Technology. Rep. Derounian urged investigation of Estes case and inserted article. Rep. Wilson, Calif., inserted article criticizing dismissal of certain Mont. ASC committee officials.

HOUSE

1. FARM PROGRAM. The Agriculture Committee reported with amendment H. R. 11222, the proposed Food and Agriculture Act of 1962 (H. Rept. 1691). p. 7833

Rep. Andersen, Minn., defended his sale of coal stock to Estes, saying, "my sale of coal stock to Mr. Estes had absolutely nothing to do in any way with his other affairs." p. 7820

Rep. Battin urged investigation of the Department of Agriculture, saying, "the Billie Sol Estes matter is but one example of the high-handed attitude of the Department in dealing with the rights of not only the taxpayer but also elected officials in government." p. 7819

Rep. Beermann criticized the USDA, saying, "The Department of Agriculture's attitude in attempting to cover up this mess has taken on the dimensions of a national disgrace," and urged investigation of the Estes case. p. 7819

Rep. Matthews reviewed the accomplishments of Rep. Harding, especially with regard to agricultural legislation. pp. 7829-31

2. ORGANIZATION; SCIENCE. Rejected H. Res. 595, disapproving Reorganization Plan No. 2 to create an office of science and technology. pp. 7820-6

3. MEATS; GRADING. Rep. Cunningham criticized the USDA's proposed dual grading system for beef and inserted letters from a number of packers criticizing the system. pp. 7827-9

4. PUBLIC WORKS. The "Daily Digest" states that the Public Works Committee "Met in executive session and ordered reported favorably to the House H. R. 10113 (amended), to provide the President with standby authority to inaugurate a public works acceleration program to help combat a recession." p. D375

5. LANDS. The "Daily Digest" states that the Government Operations Committee "Met in executive session and adopted a subcommittee report entitled, 'Land Appraisal Practices -- Department of Interior.'" p. D375

6. TERRITORIES. Received from the Army a letter relative to estimating the additional overhead costs relating to the economic and social development in the Ryukyu Islands. p. 7833

The Armed Services Committee reported without amendment H. R. 10937, to amend the act providing for the economic and social development in the Ryukyu Islands (H. Rept. 1684). p. 7833

7. CIVIL DEFENSE. The Armed Services Committee reported without amendment H. R. 11743, to amend the provisions of title III of the Federal Civil Defense Act of 1950, as amended to extend the emergency authority of the President to June 30, 1966 (H. Rept. 1685). p. 7833

8. PATENTS; COPYRIGHTS. Subcommittee No. 3 of the Judiciary Committee voted to report to the full committee H. R. 10966, to fix the fees payable to the Patent Office, and with amendment H. J. Res. 627, to extend the duration of copyright protection in certain cases. p. D375

9. RECLAMATION. The Subcommittee on Irrigation and Reclamation of the Interior and Insular Affairs Committee voted to report to the full committee with amendments H. R. 575, to authorize the Secretary of the Interior to construct, operate, and maintain the upper division of the Baker Federal reclamation project, Ore. p. D375

SENATE

10. AGRICULTURAL IMPORTS. Continued debate on H. R. 10788, to amend Sec. 204 of the Agricultural Act of 1956 so as to authorize the President to regulate imports of agricultural commodities, including textiles and textile products, from nonparticipating countries of multilateral trade agreements (pp. 7875-98, 7908-12, 7931). Agreed to a unanimous consent agreement to terminate debate on an amendment by Sen. Mundt at 2:30 p.m., Thurs., May 17, and to limit debate on an amendment by Sen. Miller to 30 minutes, and limit debate on final passage to 30 minutes (p. 7885).

11. DAIRY PROGRAM. Sen. Proxmire contended that "the cost of the dairy programs has been much more modest over the years than has the cost of the cotton, feed grains, and wheat programs, in virtually every respect," and inserted a table to support his position. p. 7847

24. ADMINISTRATIVE PROCEDURE. Sen. Carroll submitted (on May 9) a report of the Judiciary Committee, "Administrative Practice and Procedure" (S. Rept. 1480).

25. MANPOWER TRAINING. The amendments to the budget for the Department of Labor submitted to the Senate by the President on May 10, 1962 (S. Doc. 90) included an item for $100,000,000 for the training program for unemployed workers authorized by the Manpower Development and Training Act of 1962.

ITEMS IN APPENDIX

26. FARM PROGRAM. Extension of remarks of Rep. Hagan inserting an article, "Farmers, the Backbone of Our Nation," written by James C. Wilkinson, manager of the Evans County, Ga., ASCS Office. p. A3641

Extension of remarks of Rep. Wharton inserting an article criticizing the Administration's farm program. pp. A3665-6

Extension of remarks of Rep. Derounian urging an investigation of the Estes case and inserting an article, "Sufficient Facts Bared To Justify Estes Inquiry." pp. A3676-7

27. SOIL CONSERVATION. Extension of remarks of Rep. Albert inserting several prize-winning speeches by high school students on the importance of soil conservation and electrification programs to the community. pp. A3641-3

Extension of remarks of Rep. Johnson, Wis., inserting Gov. Nelson's proclamation designating the week of May 27-June 3 as Wisconsin Soil Stewardship Week. pp. A3668-9

28. BUDGET. Extension of remarks of Rep. Rousselot inserting a speech by Ezra Taft Benson, "Debt -- An Increasing Threat." pp. A3648-9

29. RESEARCH. Extension of remarks of Rep. Holifield inserting an article favoring the establishment of an Office of Science and Technology. pp. A3651-2

30. PERSONNEL. Extension of remarks of Rep. Pucinski inserting an article, "High Pay Lures Top U. S. Aids to Industry -- Many Key Posts in Government Go Begging." pp. A3655-6

Extension of remarks of Rep. Anfuso inserting his statement before the House Post Office and Civil Service Committee favoring an increase in salaries for Federal employees. pp. A3662-3

31. RIVER BASIN. Extension of remarks of Rep. Shipley inserting two articles, "Wabash Plan Would Help Entire Basin," and "The Wabash Would Not Be Forgotten." pp. A3656-7, A3677-8

32. ASC COMMITTEE. Extension of remarks of Rep. Wilson, Calif., inserting an article, "Three Elected Farm Officials Fired -- Dismissal by U. S. Appointee Stirs Indignation." pp. A3660-1

BILLS INTRODUCED

33. PERSONNEL. H. R. 11782, by Rep. Philbin, to amend the Civil Service Retirement Act to provide for increases in annuities, eliminate the option with respect to certain survivor annuities, and provide for interchange of credits between the civil service retirement system and the insurance system established by title II of the Social Security Act; to Post Office and Civil Service Committee.

H. R. 11786, by Rep. Holland, to provide annuities payable from the civil service retirement and disability fund in additional cases for certain widows

12. FARM LOANS. Sen. Humphrey commended the work of the Farmers Home Administration, inserted a newspaper editorial critical of his recent commendatory remarks of the FHA program, "Hubert Boosts For Big Government," and inserted his letter to the editor in response to the critical editorial. pp. 7920-1

13. FARM PROGRAM. Sen. Hruska inserted the results of a Farm Journal poll of farmers as to the type of farm program they preferred indicating that "Four percent still favor the compulsory program, 43 percent want a land retirement and 53 percent want the Government 'out.'" pp. 7931-2

14. PUBLIC WORKS. Sen. Cooper discussed the method of financing the proposed Standby Public Works Act of 1962 "with particular reference to its effect on the resources of the World Bank and the security for its bonds," and inserted several items on this matter. pp. 7863-7

15. SUGAR. Agreed to a unanimous consent request that S. 3290, the new sugar bill, be held at the desk until Fri., May 18, for additional cosponsors. p. 7838
Sen. Talmadge submitted an amendment intended to be proposed to this bill, S. 3290. p. 7838

16. PROPERTY. Both Houses received from the President a proposed bill "to repeal the act of May 19, 1948, and other laws, and to amend the Federal Property and Administrative Services Act of 1949, as amended, to improve the administration of transfers and conveyances of certain real property for various public uses"; to S. and H. Government Operations Committees. pp. 7833, 7835

17. SOCIAL SECURITY. Sen. Muskie inserted his recent address discussing medical care for the aged under the social security system. pp. 7850-2

18. FORESTRY. Sen. Kuchel urged enactment of legislation authorizing establishment of the Point Reyes National Seashore in Calif. pp. 7854-5

19. WILDLIFE. Passed as reported S. 1988, to provide that U. S. land within the boundaries of the Lower Klamath National Wildlife Refuge, the Upper Klamath National Wildlife Refuge, and the Tule Lake National Wildlife Refuge shall be dedicated to wildlife conservation. pp. 7898-7905

20. HEALTH. Sen. Humphrey inserted his recent speech before the Group Health Association in Washington, D. C., "A Sound Health Program for America." pp. 7912-4

21. SOVIET FOREIGN POLICY. Sen. Humphrey inserted a recent speech by Thomas L. Hughes, Deputy Director of Intelligence and Research, Departmebt of State, "Soviet Foreign Policy -- Its Implications for the West." pp. 7914-9

22. FOREIGN AID. Sen. Humphrey inserted releases of the Agency for International Development announcing contracts for a study of land reform in Latin America by the Univ. of Wisconsin and for the Farmers Union to operate pilot training programs in agricultural cooperative leadership in two African countries. pp. 7919-20
Sen. Humphrey inserted speeches by Ambassador deLesseps S. Morrison discussing problems in Latin American countries and their need for U. S. aid, including agricultural aid. pp. 7925-8

23. LEGISLATIVE PROGRAM. Agreed to a unanimous consent request by Sen. Mansfield to call the calendar after disposition of the pending bill, H. R. 10788. p. 7885

ARTICLE III

Article VI, paragraph A, of the Agreement for Cooperation is amended by deleting the phrase "uranium enriched in the isotope U-235 leased from the Commission" and substituting in lieu thereof the phrase "special nuclear materials received from the Commission".

ARTICLE IV

This Amendment shall enter into force on the date on which each Government shall have received from the other Government written notification that it has complied with all statutory and constitutional requirements for the entry into force of such Amendment and shall remain in force for the period of the Agreement for Cooperation as amended.

In witness whereof, the undersigned, duly authorized, have signed this Amendment.

Done at Washington, in duplicate, this third day of April 1962.

For the Government of the United States of America:

PHILLIPS TALBOT.
GLENN T. SEABORG.

For the Government of the Kingdom of Greece:

ALEXANDER MATSAS

Certified to be a true copy:

W. M. FULLERTON,
Chief European Branch, Division of International Affairs, U.S. Atomic Energy Commission.

FEBRUARY 23, 1962.

THE PRESIDENT,
The White House.

DEAR MR. PRESIDENT: The Atomic Energy Commission recommends that you approve the enclosed proposed "Amendment to Agreement for Cooperation Between the Government of the United States of America and the Government of the Kingdom of Greece Concerning Civil Uses of Atomic Energy," determine that its performance will promote and will not constitute an unreasonable risk to the common defense and security, and authorize its execution. The Department of State supports the Commission's recommendations.

The amendment, which has been negotiated by the Atomic Energy Commission and the Department of State pursuant to the Atomic Energy Act of 1954, as amended, would modify the agreement for cooperation signed by the Government of the United States of America and the Government of the Kingdom of Greece on August 4, 1955, as amended by the agreement signed on June 11, 1960.

The amendment would permit the transfer of materials of interest in connection with defined research projects related to the peaceful uses of atomic energy, including, among other materials, limited amounts of special nuclear materials, namely U-235, U-233, and plutonium. Its immediate purpose is to permit the Greek Government to obtain plutonium in sufficient quantities to secure a plutonium-beryllium neutron source for use with the Greek research reactor.

Following your approval, determination and authorization, the amendment will be executed formally by the appropriate authorities of the Government of the United States of America and the Government of the Kingdom of Greece. In compliance with Section 123c of the Atomic Energy Act of 1954, as amended, the amendment will then be placed before the Joint Committee on Atomic Energy.

Respectfully yours,

JOHN S. GRAHAM,
Acting Chairman.

Certified to be a true copy:

W. M. FULLERTON,
Chief, European Branch, Division of International Affairs, U.S. Atomic Energy Commission.

THE WHITE HOUSE,
Washington, D.C., March 19, 1962.

Hon. GLENN T. SEABORG,
Chairman, U.S. Atomic Energy Commission.

DEAR DR. SEABORG: In accordance with section 123 of the Atomic Energy Act of 1954, as amended, the Atomic Energy Commission has submitted to me a proposed "Amendment to Agreement for Cooperation Between the Government of the United States of America and the Government of the Kingdom of Greece Concerning Civil Uses of Atomic Energy," and recommended that I approve the proposed agreement, determine that its performance will promote and will not constitute an unreasonable risk to the common defense and security, and authorize its execution.

The proposed amendment would modify the agreement for cooperation signed by the Government of the United States of America and the Government of the Kingdom of Greece on August 4, 1955, as amended by the agreement signed on June 11, 1960.

The amendment would permit the transfer of materials of interest in connection with defined research projects related to the peaceful uses of atomic energy, including, among other materials, limited amounts of special nuclear materials, namely U-235, U-233, and plutonium. Its immediate purpose is to permit the Greek Government to obtain plutonium in sufficient quantities to secure a plutonium-beryllium neutron source for use with the Greek research reactor.

Pursuant to the provisions of section 123 of the Atomic Energy Act of 1954, as amended, and upon the recommendation of the Atomic Energy Commission, I hereby:

(a) Determine that the performance of the proposed amendment will promote and will not constitute an unreasonable risk to the common defense and security of the United States, and

(b) Approve the proposed amendment to the agreement for cooperation between the Government of the United States of America and the Government of the Kingdom of Greece enclosed with your letter submitting the proposed amendment, and

(c) Authorize the execution of the proposed amendment for the Government of the United States of America by appropriate authorities of the United States Atomic Energy Commission and the Department of State.

Sincerely,

JOHN F. KENNEDY.

Certified to be a true copy:

W. M. FULLERTON,
Chief, European Branch, Division of International Affairs, U.S. Atomic Energy Commission.

U.S. ATOMIC ENERGY COMMISSION,
Washington, D.C., April 20, 1962.

Hon. CHET HOLIFIELD,
Chairman, Joint Committee on Atomic Energy, Congress of the United States.

DEAR MR. HOLIFIELD: Pursuant to section 123c of the Atomic Energy Act of 1954, as amended, there are submitted with this letter:

(a) three copies of an executed Amendment to the Agreement for Cooperation Between the Government of the United States of America and the Government of the Kingdom of Greece Concerning Civil Uses of Atomic Energy;

(b) three copies of a letter from the Commission to the President recommending approval of the Amendment; and

(c) three copies of a letter from the President to the Commission containing his determination that its performance will promote and will not constitute an unreasonable risk to the common defense and security, approving the Amendment, and authorizing its execution.

The proposed amendment would modify the agreement for cooperation signed by the Government of the United States of America and the Government of the Kingdom of Greece on August 4, 1955, as amended by the agreement signed on June 11, 1960.

The amendment would permit the transfer of materials of interest in connection with defined research projects related to the peaceful uses of atomic energy, including, among other materials, limited amounts of special nuclear materials, namely U-235, U-233, and plutonium. Its immediate purpose is to permit the Greek Government to obtain plutonium in sufficient quantities to assure a plutonium-beryllium neutron source for use with the Greek research reactor. Thre provisions of the amendment are similar in scope to those contained in a number of previously negotiated agreements which are presently in force.

The amendment will enter into force when the two Governments have exchanged notifications that their respective statutory and constitutional requirements have been fulfilled.

Sincerely yours,

GLENN T. SEABORG,
Chairman.

STANDBY PUBLIC WORKS ACT OF 1962

Mr. COOPER. Mr. President, on May 3, I spoke in the Senate on the method of financing $2 billion of additional public works spending provided in section 10(b) of the Standby Public Works Act of 1962 as reported by the Senate Committee on Public Works, with particular reference to its effect on the resources of the World Bank and the security for its bonds. I pointed out that more than $1 billion of those bonds are owned by U.S. investors. I said that I would report to the Senate the responses to my letters to Secretary Dillon and Secretary Rusk on this subject, for I did not believe the Department of the Treasury and the Department of State had been aware of the suggestion by the Bureau of the Budget that $2 billion for public works could be transferred from the authority for payment of the U.S. subscription to the stock of the World Bank.

Last Monday, May 14, I inserted in the CONGRESSIONAL RECORD the reply I had received from Secretary Dillon, which appears on page 7668 of the RECORD. Later that day, I received a reply from the Assistant Secretary of State, Mr. Dutton, and I ask that it be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, May 11, 1962.

The Honorable JOHN SHERMAN COOPER,
U.S. Senate.

DEAR SENATOR COOPER: I want to thank you for your letter of April 28, 1962, concerning the propriety of the financing method proposed in Senate bill S. 2965.

We have studied the questions you raised, and feel that serious problems might arise if authorization were granted to transfer to other agencies any of the borrowing authority presently available to finance payment of the balance of the U.S. subscription to the IBRD. In selling its securities to private citizens, the bank's prospectuses warranted that "* * * the Secretary of the Treasury of the United States is authorized, without any requirement of further congressional appropriation, to pay the $5,715 million unpaid portion of the subscription of the United States. * * *" Representatives of the

IBRD have advised us that enactment of S. 2965 might be considered as a breach of faith with bondholders who may have made their investment in reliance on this information, and might make it difficult for the Bank to sell its obligations in the future.

We have been informed, however, that steps are now underway to amend S. 2965 so as to avoid this problem.

You further asked whether the $5,715 million can correctly be called an unobligated balance. The Department believes that it is "unobligated" in the sense that the contingency for which it was provided has not occurred, and unless and until it occurs there is no requirement for the future payment of money. On the other hand, it clearly represents a contingent liability of the United States, and in that sense it could be called obligated.

If I can be of further assistance, please do not hesitate to let me know.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary.

Mr. COOPER. Mr. President, I think it is worthwhile to note that the Department of State has been in touch with representatives of the International Bank for Reconstruction and Development on this point. Mr. Dutton reports their opinion that enactment of S. 2965 might be considered as a breach of faith with bondholders, and that it might make it difficult for the bank to sell its obligations in the future.

Secretary Dutton also says that the $5,715 million which the committee report on S. 2965 refers to as an unobligated balance, "clearly represents a contingent liability of the United States, and in that sense it could be called obligated."

Mr. President, when the standby public works bill was reported to the Senate 3 weeks ago, I addressed letters the next day, April 26, to the four Federal agencies specified as a source of funds by section 10(b), the financing provision of S. 2965. I have not yet received a reply from the Housing and Home Finance Agency, which is deeply interested in this bill, although the Agency must be aware that the bill was scheduled to be called up immediately after the literacy test debate.

However, I did receive today replies from Mr. Joseph P. McMurray, Chairman of the Federal Home Loan Bank Board, regarding the effect of this public works financing proposal on the Federal home loan banks, and on the Federal Savings and Loan Insurance Corporation. I had received earlier a very prompt reply from Mr. Earl Cocke, Sr., Chairman of the Federal Deposit Insurance Corporation.

A number of Senators have expressed keen interest in the financing provision of S. 2965. They have pointed out that the agencies concerned did not testify, and that their views were unknown when the Public Works Committee specified the use of their funds in reporting the bill.

My questions to these agencies were designed to obtain basic facts and I did not ask their opinion as to the wisdom or merits of the proposal. But because the official responses of these agencies may contain information of interest to the Senate at this time, I ask unanimous consent that the letters be printed in the RECORD following my remarks.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
SELECT COMMITTEE ON
SMALL BUSINESS,
April 26, 1962.

Hon. JOSEPH P. MCMURRAY,
Chairman, Federal Home Loan Bank Board,
Washington, D.C.

DEAR MR. MCMURRAY: Senate bill 2965, known as the Standby Public Works Act of 1962, was reported to the Senate yesterday by the Public Works Committee, of which I am a member. Section 10(b) of the bill as reported would authorize the President, an agency or officer specified by him, and those delegated in turn, to cause to be transferred to a new public works agency or any other agency, "the unobligated balances of authorizations to expend from public debt receipts available for purchase of obligations issued by the Federal home loan banks."

Since such a transfer would affect the funds otherwise available to your agency, I would like to ask the following questions:

1. What is the statutory authority for purchasing with public debt receipts the obligations issued by the Federal home loan banks?

(a) What are the statutory purposes of this authority, and how was it intended by Congress to be used?

(b) How much money are the Federal home loan banks authorized to borrow from the Treasury for these purposes?

(c) Is this authority a necessary part of the basic purposes or operations of the Federal home loan banks?

(d) Under what conditions are the Federal home loan banks authorized to borrow these funds from the Treasury? Is the Treasury directed to make the loans to the Federal home loan banks under those conditions, or are the loans made at the discretion of the Treasury?

2. Extent of use of the Treasury borrowing authority by the Federal home loan banks.

(a) To what extent has this authority been used in the past, and what were the occasions of its largest use?

(b) If this authority, since it was first granted by the Congress, has been increased in amount or broadened in its purposes, or has been decreased in amount or limited in its purposes, what were the reasons for these changes?

(c) To what extent is this authority being used now?

(d) To what extent is this authority likely to be needed in the future?

(e) When would its full use possibly be required?

(f) Even when the authority to borrow funds from the Treasury is not exercised or fully used, does the existence of this authority still serve a useful purpose against contingencies, or contribute to the financial stability and security of the Federal Home Loan Banks?

3. Effect of withdrawn up to $1 billion from the Treasury borrowing authority available to the Federal Home Loan Banks.

(a) How would such a withdrawal during a minor or severe recession affect the operation and the financial condition of the Federal Home Loan Banks?

(b) Would such a withdrawal impair the credit of the Federal Home Loan Banks?

(c) If it were not replaced by appropriations, or the borrowing authority of the Federal Home Loan Banks were not increased by Congress or otherwise restored, what adverse effects, if any could result from such a withdrawal?

(d) If it were to be restored, would there be any need to do so sooner than in 27 months?

You may wish to comment also on the general reasons for the existence of large unobligated balances of the Federal Home Loan Bank's authority to borrow from the Treasury. For example, does this result from favorable economic conditions, or the successful operation of the Federal Home Loan Banks? From administrative practices, or the use of alternate sources of funding? From limitations imposed by appropriations acts or reports, or by budgeting policy?

While it now appears that S. 2965 may not be called up in the Senate in the next week, it could come up at any time and very quickly. I want to be able to study this and other information related to the bill before the debate. Therefore, I hope you will send me a reply as soon as possible. If a complete answer cannot be prepared quickly, I would like to have a memorandum on the first question 2(f) and 3(a) meanwhile.

I enclose a copy of the bill as reported, and thank you for your attention to this subject.

Sincerely yours,

JOHN SHERMAN COOPER.

FEDERAL HOME LOAN BANK BOARD,
Washington, D.C., May 15, 1962.

Hon. JOHN SHERMAN COOPER,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR COOPER: This is in response to the questions raised in your letter of April 26 concerning Senate bill 2965. The questions raised in your letter are answered seriatim.

1. Section 11(i) of the Federal Home Loan Bank Act, as amended, 12 U.S.C. 1431(i) represents the grant of legislative authority to the Treasury to purchase and hold up to $1 billion in obligations issued under section 11 of the Federal Home Loan Bank Act. Section 11(i) was added to the Federal Home Loan Bank Act by section 4 of Public Law 576, 81st Congress, 2d session, approved June 29, 1950; 64 Stat., 257.

(a) The statutory purposes of this authority and its intended use are most succinctly expressed at page 4 in Senate Report No. 1536 of the 81st Congress, 2d session, accompanying H.R. 6743, as follows:

"Section 1 of H.R. 6743 should also be considered in the light of section 4 of the bill which authorizes the Secretary of the Treasury to purchase Federal home-loan bank obligations up to a total of $1 billion outstanding at any one time. This section is designed to provide Government support to the Federal home-loan banks in supplying the credit needs of their members in any possible future emergency in which the banks could not obtain sufficient funds in the private money market. Under economic conditions such as those existing at present, the banks do not need this Treasury support nor is any emergency now foreseen when it may be needed. In addition, it is believed that the very existence of this Government support would, under less favorable economic conditions, tend to stabilize the Federal Home Loan Bank System even though the support is not actually used."

(b) The authorization as noted is for up to $1 billion outstanding at any point in time.

(c) This authority is regarded as a reinforcement of the debt issuing authority of the Federal Home Loan Banks. To the extent that buyers of Federal Home Loan Bank obligations look to beyond the assets of the Banks and their ability to raise funds from their own resources, the authority in section 11(i) provides further reassurance. The existence of the authority is regarded as support for the bank system which would tend to render actual need for support unnecessary. (Cf. H. Rept. No. 1540, 81st Cong. 2d sess., p. 4.)

(d) The authority as 1(a) indicates was granted for emergency purposes when funds might not be available from the market.

Purchases of any obligations under this authority are at the discretion of the Secretary of the Treasury at a rate of return to be determined by him as provided in the last sentence of section 11(i).

2. (a) The authority has not been used.

(b) The authority has not been amended since its enactment in 1950.

(c) It is not being used now.

(d) It is not possible to specify the extent to which the authority might be needed in the future except to say that if an emergency occurred the authority might be needed to its fullest extent.

(e) Full use of the authority might be needed in a severe decline in economic activity which created disorder in the money and capital markets.

(f) The existence of the authority provided for in section 11(i) has, to a degree, a psychological effect in connection with the sale of consolidated Federal Home Loan Bank bonds in the private money market. In the offering for sale of such bonds, the prospectus will set forth in addition to the combined assets of the respective Federal Home Loan Banks, a statement that under section 11(i) of the Federal Home Loan Bank Act the Secretary of the Treasury may purchase obligations of the Banks up to $1 billion. It is our view that such reference in the prospectus may add to the marketability of such obligations.

3. (a) In a minor recession there would be no material effect. In a severe recession, the possibility of the disruption of the money and capital markets, though remote, is conceivable. The absence of the borrowing authority might place bank system obligations, under such circumstances, in a much less preferred position than would exist otherwise and could seriously reduce the marketability of system obligations. Also, the Secretary of the Treasury would not then be able to fulfill the purposes referred to in 1(a) and 1(c) above.

(b) In our opinion it would not, though it might reduce the clearly favored position held by bank system securities to some degree. There is a much more remote probability that some observers might, since the authority has been of some duration, regard extended withdrawal as a major change in Government attitude.

(c) Except for the points, made in 3(a) and 3(b), we can see no other effects.

(d) The more quickly the authority were restored, even though it may be argued that the authority is ordinarily only of symbolic value, the smaller the likelihood that erroneous interpretations might be placed on the intent of Congress. Confidence is an important element in the operation of any financial system. Removal of an element on which confidence has been based, even though logic may argue against the continued relevance of the element, could induce irrational responses in some quarters. We would, therefore, prefer the shortest possible period between withdrawal and restoration.

It is our understanding that the time period of 27 months does not apply to the restoration of the unobligated authority. As section 10(b) reads, there would be nothing to preclude the Congress from restoring the funds at the earliest opportunity. Assuming that Congress was not in session when the funds were transferred to the public works program, this might mean a delay from 3 to 6 months.

The major reasons for the existence of large unobligated balances in the authority of the Treasury to purchase bank system obligations rest on the relative economic stability since the enactment of the authority; the high order of performance of the money and capital markets, reflecting to an important degree skillful monetary management; and the probity and soundness of the Federal Home Loan Bank System. Other than the specified criteria underlying the authority, no barrier has been imposed upon its use.

We hope that you find our reply fully responsive. If you have any other questions, please do not hesitate to call upon us.

Sincerely,

JOSEPH P. MCMURRAY,
Chairman.

APRIL 26, 1962.

Hon. WILLIAM H. HUSBAND,
General Manager, Federal Savings and Loan Insurance Corporation, Federal Home Loan Bank Board Building, Washington, D.C.

DEAR MR. HUSBAND: Senate bill 2965, known as the Standby Public Works Act of 1962, was reported to the Senate yesterday by the Public Works Committee, of which I am a member. Section 10(b) of the bill as reported would authorize the President, an agency or officer specified by him, and those delegated in turn, to "cause to be transferred" to a new public works agency or any other agency "the unobligated balances of authorizations to expend from public debt receipts available for loans to the Federal Savings and Loan Insurance Corporation."

Since such a transfer would affect the funds otherwise available to your agency, I would like to ask the following questions:

1. What is the statutory authority for loans to the FSLIC from public debt receipts?

(a) What are the statutory purposes of this authority, and how was it intended by Congress to be used?

(b) How much money is the FSLIC authorized to borrow from the Treasury for these purposes?

(c) Is this authority a necessary part of the basic purposes or operations of the FSLIC?

(d) Under what conditions is the FSLIC authorized to borrow these funds from the Treasury? Is the Treasury directed to make the loans to FSLIC under those conditions, or are the loans made at the discretion of the Treasury?

2. Extent of use of the authority for loans to the FSLIC from public debt receipts.

(a) To what extent has this authority been used in the past, and what were the occasions of its largest use?

(b) If this authority, since it was first granted by the Congress, has been increased in amount or broadened in its purposes, or has been decreased in amount or limited in its purposes, what were the reasons for these changes?

(c) To what extent is this authority being used now?

(d) To what extent is this authority likely to be needed in the future?

(e) When would its full use possibly be required?

(f) Even when the authority to borrow funds from the Treasury is not exercised or fully used, does the existence of this authority still serve a useful purpose against contingencies, or contribute to the financial stability and security of the FSLIC?

3. Effect of withdrawing up to $750 million from the loan funds available to the FSLIC from public debt receipts.

(a) How would such a withdrawal during a minor or severe recession affect the operations and the financial condition of the FSLIC?

(b) Would such a withdrawal impair the credit of the FSLIC?

(c) If it were not replaced by appropriations, or the borrowing authority of the FSLIC were not increased by Congress or otherwise restored, what adverse effects, if any, could result from such a withdrawal?

(d) If it were to be restored, would there be any need to do so sooner than in 27 months?

You may wish to comment also on the general reasons for the existence of large unobligated balances of FSLIC authority to borrow from the Treasury. For example, does this result from favorable economic conditions, or the successful operation of the FSLIC? From administrative practices, or the use of alternate sources of funding? From limitations imposed by appropriations acts or reports, or by budgeting policy?

While it now appears that S. 2965 may not not be called up in the Senate in the next week, it could come up at any time and very quickly. I want to be able to study this and other information related to the bill before the debate. Therefore, I hope you will send me a reply as soon as possible. If a complete answer cannot be prepared quickly, I would like to have a memorandum on the first question, 2(f) and 3(a) meanwhile.

I enclose a copy of the bill as reported, and thank you for your attention to this subject.

Sincerely,

JOHN SHERMAN COOPER.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION, FEDERAL HOME LOAN BANK BOARD,
Washington, D.C., April 26, 1962.

Hon. JOHN SHERMAN COOPER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR COOPER: Since the Federal Home Loan Bank Board is the administrative head of the Federal Savings and Loan Insurance Corporation, I am referring your letter of April 26, 1962, to the Chairman of the Board. I am sure your communication will be given prompt attention.

Sincerely yours,

WILLIAM H. HUSBAND,
General Manager.

FEDERAL HOME LOAN BANK BOARD,
Washington, D.C., May 15, 1962.

Hon. JOHN SHERMAN COOPER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR COOPER: The Federal Home Loan Bank Board has considered the questions posed in your letter of April 26 to the General Manager of the Federal Savings and Loan Insurance Corporation and has approved this response. For convenience, our answers are set forth in the order in which the inquiries are presented in your communication:

1. The statutory authority for loans to the FSLIC from public debt receipts is established by section 402(i) of title IV of the National Housing Act, as amended.

(a) The statutory purposes of the authority and the intent of the Congress are indicated by the language of the statute itself. First, it would appear that the Congress wished to bolster confidence in the insurance program and to underwrite the Corporation's liabilities; and, second, there was apparent intent to keep the Corporation out of the money market by substituting this authority for its original right to borrow privately. Indeed, the statue itself declares that "* * * the Corporation hereafter shall not exercise its borrowing power * * * for the purpose of borrowing money from any other source."

(b) The FSLIC is authorized to borrow an amount "not exceeding in the aggregate $750 million outstanding at any one time."

(c) Such authority is believed to be a vital and necessary part of the basic purposes or operations of the FSLIC.

(d) The Treasury is directed to make the loans, as evidenced by the following provision of the law. "The Corporation is authorized to borrow from the Treasury, and the Secretary of the Treasury is authorized and directed to loan to the Corporation on such terms as may be fixed by the Corporation and the Secretary, such funds as in the judgment of the Federal Home Loan Bank

Board are from time to time required for insurance purposes."

2. Use of the authority for loans to the FSLIC from public debt receipts.

(a) The authority has never been used in the past.

(b) There has been no change in the amount of the authorized borrowing since the authority was first granted.

(c) There is no current use of the borrowing authority.

(d) The need to make use of the borrowing authority in the future is most difficult to appraise. Indeed, we may be confronted with a dilemma. On the one hand, the very existence of the authority bolsters public confidence and minimizes the need for such borrowing. On the other hand, the elimination of the authority could weaken this all-important element of public confidence and creat resulting problems which could bring about a need for borrowing.

(e) We believe the preceding response is applicable to this question.

(f) As indicated under (d), the existence of the authority still serves a useful purpose because it does contribute to the financial stability and security of the FSLIC.

3. Effect of withdrawing up to $750 million from the loan funds available to the FSLIC from public debt receipts.

(a) Based upon past experience we do not anticipate use of the borrowing authority to meet conditions created by minor recessions. In the event of a serve recession the existence of the borrowing authority would bolster public confidence and, as indicated above, deter its possible actual use.

(b) Since the FSLIC cannot now borrow from private sources, there of course could not be any impairment of its credit.

(c) The adverse effects of withdrawal or diminution of the borrowing authority are likely indicated by our responses to 2(d) and 2(f).

(d) We believe this question is answered by the other responses.

We are also glad to give you our general comments bearing mainly upon the existence of the large unobligated balance. Probably this has been caused in part by sound administration, but, to an even greater extent, by favorable economic conditions.

No one can predict the contingencies of the future. Assuming that the funds were employed for some brief period and Congress restored the Corporation's borrowing authority promptly, we could see only the remotest possibility of difficulty. Nevertheless, the intent of Congress might be misinterpreted unless there were clear, explicit affirmation by Congress of the continued support of the insurance program.

I trust that the above observations will give assistance in your study of S. 2965, and, naturally, I will be happy to furnish any additional information that you may desire.

Sincerely yours,

JOSEPH P. MCMURRAY,
Chairman.

APRIL 26, 1962.

Hon. ERLE COCKE, Sr.,
Chairman, Federal Deposit Insurance Corporation, National Press Building, Washington, D.C.

DEAR MR. CHAIRMAN: Senate bill 2965, known as the Standby Public Works Act of 1962, was reported to the Senate yesterday by the Public Works Committee, of which I am a member. Section 10(b) of the bill as reported would authorize the President, an agency or officer specified by him, and those delegated in turn, to "cause to be transferred" to a new public works agency or any other agency "the unobligated balances of authorizations to expend from public debt receipts available for loans to the Federal Deposit Insurance Corporation."

Since such a transfer would affect the funds otherwise available to your agency, I would like to ask the following questions:

1. What is the statutory authority for loans to the FDIC from public debt receipts?

(a) What are the statutory purposes of this authority, and how was it intended by Congress to be used?

(b) How much money is the FDIC authorized to borrow from the Treasury for these purposes?

(c) Is this authority a necessary part of the basic purposes or operations of the FDIC?

(d) Under what conditions is the FDIC authorized to borrow these funds from the Treasury? Is the Treasury directed to make loans to FDIC under those conditions, or are the loans made at the discretion of the Treasury?

2. Extent of use of the authority for loans to the FDIC from public debt receipts.

(a) To what extent has this authority been used in the past, and what were the occasions of its largest use?

(b) If this authority, since it was first granted by the Congress, has been increased in amount or broadened its its purposes, or has been decreased in amount or limited in its purposes, what were the reasons for these changes?

(c) To what extent is this authority being used now?

(d) To what extent is this authority likely to be needed in the future?

(e) When would its full use possibly be required?

(f) Even when the authority to borrow funds from the Treasury is not exercised or fully used, does the existence of this authority still serve a useful purpose against contingencies, or contribute to the financial stability and security of the FDIC?

3. Effect of withdrawing up to $2 billion from the loan funds available to the FDIC from public debt receipts.

(a) How would such a withdrawal during a minor or severe recession affect the operations and the financial condition of the FDIC?

(b) Would such a withdrawal impair the credit of the FDIC?

(c) If it were not replaced by appropriations, or the borrowing authority of the FDIC were not increased by Congress or otherwise restored, what adverse effects, if any, could result from such a withdrawal?

(d) If it were to be restored, would there be any need to do so sooner than in 27 months?

You may wish to comment also in the general reasons for the existence of large unobligated balances of FDIC authority to borrow from the Treasury. For example, does this result from favorable economic conditions, or the successful operation of FDIC? From administrative practices, or the use of alternate sources of funding? From limitations imposed by appropriations acts or reports, or by budgeting policy?

While it now appears that S. 2965 may not be called up in the Senate in the next week, it could come up at any time and very quickly. I want to be able to study this and other information related to the bill before the debate. Therefore, I hope you will send me a reply as soon as possible. If a complete answer cannot be prepared quickly, I would like to have a memorandum on the first question, 2(f) and 3(a) meanwhile.

I enclose a copy of the bill as reported and thank you for your attention to this subject.

Sincerely,

JOHN SHERMAN COOPER.

FEDERAL DEPOSIT INSURANCE CORPORATION,
Washington, April 27, 1962.

Hon. JOHN SHERMAN COOPER,
U. S. Senate, Washington, D.C.

DEAR SENATOR COOPER: In your letter of April 26, 1962, relating to section 10(b) of Senate bill 2965, known as the Standby Public Works Act of 1962, you ask certain questions, which are set forth below and numbered as in your letter with our answers.

"1. What is the statutory authority for loans to the FDIC from public debt receipts?"

Answer: "Section 14 of the Federal Deposit Insurance Act (12 U.S.C. 1824) provides: "The Corporation is authorized to borrow from the Treasury, and the Secretary of the Treasury is authorized and directed to loan to the Corporation on such terms as may be fixed by the Corporation and the Secretary, such funds as in the judgment of the Board of Directors of the Corporation are from time to time required for insurance purposes, not exceeding in the aggregate $3 billion outstanding at any one time: *Provided*, That the rate of interest to be charged in connection with any loan made pursuant to this section shall not be less than the current average rate on outstanding marketable and nonmarketable obligations of the United States as of the last day of the month preceding the making of such loan. For such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include such loans. Any such loan shall be used by the Corporation solely in carrying out its functions with respect to such insurance. All loans and repayments under this section shall be treated as public-debt transactions of the United States'."

"(a) What are the statutory purposes of this authority, and how was it intended by Congress to be used?"

Answer: "As stated in the next to last sentence of the above-quoted section 14, 'Any such loan shall be used by the Corporation solely in carrying out its functions with respect to such insurance'."

"(b) How much money is the FDIC authorized to borrow from the Treasury for these purposes?"

Answer: "Three billion dollars."

"(c) Is this authority a necessary part of the basic purposes or operations of the FDIC?

Answer: "This authority is an extraordinary one to supply the Corporation with immediate borrowing power at any time when the Deposit Insurance Fund, which at the end of 1961 was $2,354 million, becomes inadequate to meet the Corporation's insurance responsibilities."

"(d) Under what conditions is the FDIC authorized to borrow these funds from the Treasury? Is the Treasury directed to make the loans to FDIC under those conditions, or are the loans made at the discretion of the Treasury?"

Answer: "Under the above-quoted section 14, when in the judgment of the Board of Directors of the Federal Deposit Insurance Corporation funds are required for insurance purposes the Corporation is authorized to borrow such funds up to the statutory limit of $3 billion and the Secretary of the Treasury is directed to loan such funds on such terms as are fixed by the Corporation and the Secretary."

"2. Extent of use of the authority for loans to the FDIC from public debt receipts.

"(a) To what extent has this authority been used in the past, and what were the occasions of its largest use?"

Answer: "This authority has never been used."

"(b) If this authority, since it was first granted by the Congress, has been increased in amount or broadened in its purposes, or has been decreased in amount or limited in its purposes, what were the reasons for these changes?"

Answer: "This borrowing authority was provided originally in the Banking Act of 1933 in an amount aggregating not more

than three times the Corporation's capital ($289,299,556.99) or $867,898,670.97 (subsec. (o) of sec. 12B of the Federal Reserve Act, as amended). .In 1935 this authority was increased to an amount aggregating not more than three times the amount received by the Corporation in payment of its capital stock and in payment of the assessments upon insured banks for the year 1936 ($35, 557,817.67) resulting in a borrowing authority of $974,572,123.98. In 1947 the borrowing authority was increased to an amount not exceeding $3 billion outstanding at any one time. The committee reports on the increase to $3 billion did not expressly state the reason for the increase. Statements by Mr. Maple T. Harl, then Chairman of the Corporation, at the Senate and House hearings on the 1947 legislation are attached. However, the report of the House Committee on Banking and Currency (H. Rept. No. 1076, 80th Cong., 1st sess., p. 3) showed the ratio of the capital, surplus and borrowing power of the Corporation to total deposits for the years 1934 to 1946 with a decline from 3.16 to 1.37 percent. The increase of the borrowing authority to $3 billion increased such ratio to 2.73 percent of total deposits as of the end of 1946. The same act that provided for the increase in borrowing authority, provided for the retirement of capital stock of approximately $289 million from income of the Corporation so long as the capital funds of the Corporation were not reduced below $1 billion. The capital stock was fully retired by payments into the Treasury in 1947 and 1948. By legislation in 1950 Congress directed the payment by the Corporation of interest in the amount of $80.6 million to the United States Treasury on the capital stock advances."

"(c) To what extent is this authority being used now?"

Answer: "This authority has never been used."

"(d) To what extent is this authority likely to be needed in the future?"

Answer: "The extent to which this authority is likely to be needed in the future is unpredictable and dependent upon the severity and extent of adverse economic conditions which might arise. The Comptroller General of the United States in the report on the audit of the Corporation for year ended June 30, 1961, in his opinion of financial statements of the Corporation said, 'We cannot express an opinion on the adequacy of the deposit insurance fund to meet future losses because the amount that may be needed is dependent on future economic conditions'." Prior GAO audit reports express like opinions.

"(e) When would its full use possibly be required?"

Answer: "The full use of the Corporation's borrowing authority will be required only in the event of a recurrence of conditions comparable to the more severe financial crises of the past (see further discussion in answer 3a below)."

"(f) Even when the authority to borrow funds from the Treasury is not exercised or fully used, does the existence of this authority still serve a useful purpose against contingencies, or contribute to the financial stability and security of the FDIC?"

Answer: "The existence of the authority of the Federal Deposit Insurance Corporation to borrow funds from the Treasury serves a useful purpose against contingencies and contributes to the financial stability and security of the Corporation and to the public confidence in the banking system. The Deposit Insurance Fund of the Corporation, which was $2,354 million on December 31, 1961, amounted to .84 percent of total deposits in insured banks on that date. The $3 billion borrowing authority of the Corporation when added to the Deposit Insurance Fund increases the percentage of potential funds available for protection of depositors (up to the maximum of $10,000 for each depositor) to approximately 1.90 percent of total deposits in insured banks."

"3. Effect of withdrawing up to $2 billion from the loan funds available to the FDIC from public debt receipts.

"(a) How would such a withdrawal during a minor or severe recession affect the operations and the financial condition of the FDIC?"

Answer: "The effect of withdrawing up to $2 billion from the authority of the Treasury to make loans to the Federal Deposit Insurance Corporation from public debt receipts would have little, if any, effect upon the operations and financial condition of the Corporation during a recession such as the four postwar recessions mentioned in the report of your committee on S. 2965 (S. Rept. No. 1358, 87th Cong., 2d sess., p. 3).

"From a study of 'Actuarial Data Relevant to Deposit Insurance,' set forth in the Corporation's Annual Report to Congress for 1957 (pp. 49, 71–72), it may be concluded that such a withdrawal would not have impaired the ability of the Corporation to meet its insurance obligations during a recession such as that occurring in 1921, nor during the ensuing periods of banking failures through 1929.

"The same study contains the following comment on the depression of the early thirties:

" 'There is no question that the present deposit insurance fund would be entirely inadequate should, for example, a situation similar to that of 1930–33 recur. After a careful analysis we have concluded that in order to make the necessary disbursements in such a situation the Corporation would need to have at its disposal available funds equal, as a minimum, to 5 percent of the total deposits in all operating banks. This figure assumes that the necessary principal disbursements would have been only 37 percent of the deposits in the closed banks in comparison with the Corporation's experience of 50 percent. Since the fund today is only 0.80 percent of total deposits (and with the assured borrowing power only 2.2 percent of total deposits) the inadequacy is obvious. As a mater of fact, it would require all of the present deposit insurance fund plus all of the $3 billion borrowing power to absorb only the losses that would occur in such an emergency.

" 'To what extent can we expect a situation such as that of 1930–33 to recur? Certainly, we can conceive of the possibility of a severe economic downturn, accompanied by large numbers of bank failures. Neither the public confidence engendered by the existence of Federal deposit insurance nor the improvements in banking or bank supervision would be sufficient to prevent these failures, which would be a consequence of economic dislocations of a fundamental nature. However, because the Federal Government is committed, under the Employment Act of 1946, to follow policies which will stimulate full employment, and in view of the knowledge and authority now possessed by various agencies of the Federal Government, it is reasonable to assume that we will be able to avoid the prolongation of a serious depression.' (It is further reasonable to assume that the President under the proposed legislation could expedite the remedies referred to above.)"

"(b) Would such a withdrawal impair the credit of the FDIC?"

Answer: "The Corporation has no authority to borrow from any source other than from the Treasury, as provided in section 14 of the Federal Deposit Insurance Act quoted above in answer to your question one. Therefore, any such withdrawal would reduce the credit available to the Corporation."

"(c) If it were not replaced by appropriations, or the borrowing authority of the FDIC were not increased by Congress or otherwise restored, what adverse effects, if any, could result from such a withdrawal?"

Answer: "The adverse effects, if any, resulting from such withdrawal not restored would depend entirely upon the severity of adverse economic conditions which might arise."

"(d) If it were to be restored, would there be any need to do so sooner than in 27 months?"

Answer: "It is conceivable that, in the event of the closing of a substantial number of insured banks, an early or immediate restoration of any such withdrawals could be necessary. (Our information is that the 27-month period applies only to the duration of the public works acceleration period and not to the restoration of the authority by Congress.)"

In response to your general question following question 3d, the lack of use of the Corporation's only borrowing authority has resulted, in our opinion, from the generally favorable economic conditions since the Corporation was established and the improvement in the management of banks and in the standards governing the establishment, operation and supervision of banks.

Trusting that this letter fully answers your questions, I am

Sincerely yours,

ERLE COCKE, Sr.,
Chairman.

STATEMENT BY MR. MAPLE T. HARL

In the hearings before the Senate Committee on Banking and Currency in 1947 with reference to the legislation raising the borrowing authority of the Corporation to $3 billion, Mr. Maple T. Harl, Chairman of the Corporation, made the following statement (pp. 11–12):

"As you know we have a borrowing authority of half a billion dollars from the Treasury, or the RFC. We would recommend that that be repealed and the borrowing authority from the RFC be repealed, likewise the half billion from the Treasury and in lieu thereof we be allowed to borrow when and if necessary three times our asset position, which if it was a billion we would have a call of $3 billion on the Treasury for these unforeseen contingencies such as we had in 1932, when, you know, the position in your State, it took about $4 billion to save the banks but we think the banks are in a very, very strong position and the President in his budget message also took that position."

In the hearings before the House Committee on Banking and Currency on the same legislation Mr. Harl made the following statement (pp. 47):

"When the Corporation's borrowing power was fixed as it now exists in the law, that is, in 1935, the potential obligation to insured depositors was about one-fourth of what it is today. With the retirement of the capital stock, which will reduce the Corporation's resources by $289 million, we think it appropriate that the Corporation be authorized to borrow from the Secretary of the Treasury in a maximum amount at any one time which will be about three times its surplus, namely $3 billion. In this way the depositing public, the holders of over $90 million deposit accounts, would be more than ever assured not only of the financial stability of the Corporation but also of the Government's intention to support and sustain the soundness of the Federal Deposit Insurance System."

AMENDMENT OF THE AGRICULTURAL ACT OF 1956

The PRESIDING OFFICER (Mr. HICKEY in the chair). Is there further morning business? If not, the Chair

lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 10788) to amend section 204 of the Agricultural Act of 1956.

DIVIDEND AND INTEREST WITHHOLDING PROVISIONS OF H.R. 10650

Mr. ROBERTSON. Mr. President, the proposed Revenue Act of 1962, as my colleagues know, has passed the House and is now before the Senate Committee on Finance. Section 19 of that bill (H.R. 10650) relates to the collection at source of income tax on interest and dividends. For the first time, it would impose widespread withholding on interest and dividends, with certain exceptions and exemptions.

As a member of the Committee on Ways and Means of the House for nearly 10 years, I helped to write 12 major tax bills. These included the imposition of drastic taxes on the income of corporations—the excess profits taxes, and the imposition of the biggest increase in personal income taxes that Congress has ever made at any one time.

Of these bills and of all the other income tax bills which I have voted on during the 29 years I have been in Congress, the present bill is by far the most unpopular.

I have gotten more mail opposing various provisions of H.R. 10650—especially the provision for withholding tax from dividends and interest—than I have gotten on any one bill in recent years.

If this section of the bill should be reported without change to the Senate floor, I shall oppose it. I believe that withholding on interest and dividends at this time is impractical, unnecessary, and unwise.

During the 1st session of the 78th Congress, I was a member of the House Ways and Means Committee that reported the so-called Current Tax Payment Act of 1943. The bill, after amendment on the House floor, came over to the Senate as H.R. 2570. It provided for the current payment of taxes on salaries and wages largely by means of a withholding system. It set up a formula designed to relieve taxpayers, to an equitable degree, from double payments in 1943 for income earned in 1942 as well as in 1943. The bill also provided for declarations of estimated income to be made, and for quarterly payments to be made against this estimate to the extent that any tax liability was not met through withholding.

As a member of the House Ways and Means Committee, I took an active part in the hearings as well as in the floor debate on the bill that finally passed. I was, of course, pleased that the basic 20-percent withholding rate and the forgiveness formula included in the House bill were in line with proposals that I had advanced to the Ways and Means Committee early in the hearings on the bill.

The final version of the Current Tax Payment Act of 1943, as adopted in conference, represented the outcome of 8 days of deliberation between the House and Senate conferees. For the first 5 days or so, the conferees discussed various plans for compromise but remained deadlocked. The House conferees would not accept the Senate bill, nor would the Senate conferees accept the House bill. Finally, an acceptable compromise was developed.

As a result, the conference bill contained some basic changes in the bill approved by the House, and included only part of the proposals I had originally endorsed. Even so, I voted for the conference report as the best compromise that seemed possible under the circumstances. In the House debate over the conference report, I remarked on the floor:

> I wish the official record to show I have never wavered in the personal belief that the plan I first proposed to the Ways and Means Committee and which was finally adopted by the House was the best solution of a difficult problem.

I concluded by saying:

> In voting for the conference report I will at least have the personal satisfaction that the 20-percent-withholding plan I proposed to the Ways and Means Committee will be written into law.

Today, as in 1943, I favor the principle of withholding on wages and salaries.

However, my earlier technical experience as a member of the House Ways and Means Committee for nearly 10 years, combined with my study of the bill now pending before the Senate Finance Committee, has convinced me that the extension of withholding to cover interest and dividends would not be advisable at this time.

In that respect, I call the attention of Senators to the conclusion reached 19 years ago by both the House Committee on Ways and Means and the Senate Committee on Finance. The report of each committee, relating to the proposed Current Tax Payment Act of 1943, contained identical language as follows:

> Your committee found it impracticable to apply the withholding provisions to income other than wages as defined in the bill. Therefore, taxpayers receiving income from business, farming, rents and royalties, interest and dividends, wages received for domestic service in a private home, and wages received from agricultural labor, are not included in the withholding provisions of the bill.

The Senate again in 1950 rejected a provision to withhold tax on dividends, and it rejected in 1951 withholding tax on dividends and interest.

The question now at issue is not whether income from dividends and interest is taxable. This income has been taxable for many years. Nor is there any question about the authority of the Internal Revenue Service to collect taxes, whether on income from dividends, interest, salaries, wages, or other sources. Everyone should pay his fair tax share.

The question now before us relates solely to methods of preventing avoidance of tax on income from dividends and interest. In that respect, I see no need at this time for withholding as a solution to the problem. What both the House and Senate committees found to be "impracticable" in 1943 still remains impracticable now.

The dividend and interest withholding approach appears to be based upon the assumption that American taxpayers are dishonest. This is contradicted by our almost 50 years' experience with the self-assessment tax system.

A vital distinguishing feature of the American income tax is that it is self-assessing. We permit our taxpayers to make out their own tax returns and compute their own tax liabilities. It is a striking tribute to the honesty and patriotism of the American people that this system has worked.

Essentially, our tax system puts the taxpayer on his honor. And, by and large, the American taxpayer has responded to the challenge.

Now, however, we are confronted with a proposal which would apply across the board to dividend and interest recipients, without regard to their past record for conscientious and accurate income reporting. Admittedly, the proposal is designed solely to catch tax evaders. But its sweeping rules apply with equal force to the most conscientious and meticulously careful taxpayers—and, even much worse, to hit persons of small incomes, those who are not taxpayers.

This withholding proposal is not directly analogous to wage withholding. Wage withholding was a collection technique and a necessary step in placing income tax collections on a current basis. This dividend and interest withholding proposal appears to be designed simply as a weapon to catch nonreporters of taxes, and it would operate by treating every dividend and interest recipient as though he were a tax evader. This is repugnant to the traditions of our income tax as a self-assessing system.

The Secretary of the Treasury, in testifying before the Committee on Finance on April 2, 1962, offered as an exhibit for the record a number of examples of substantial underreporting or nonreporting of dividends and/or interest in recent fraud prosecution cases. I feel that isolated cases such as these do not of themselves justify the need for withholding. Instances of fraud and mistake are unfortunately likely to occur no matter what the method of revenue collection may be.

At the same hearing before the Committee on Finance, the Secretary of the Treasury made the following comment, at page 90 of part I of the published hearings:

> Most dividend and interest recipients are responsible taxpayers who faithfully report each year about $15 billion of such income. There is, however, about $3 billion of interest and dividends received by taxable individuals which is not reported. That shortage results in a revenue loss of more than $800 million annually, which must be made up by the general taxpayer.

Incidentally, the Secretary of the Treasury does not tell us that all of the estimated $3 billion dividend and interest gap would be subject to tax if it were reported.

This estimated degree of underreporting or nonreporting of taxable interest

3. MARKETING PENALTIES. Passed as reported H. R. 10594, to amend the Agricultural Adjustment Act of 1938, as amended, so as to provide that no penalty shall be collected with respect to the marketing of any agricultural commodity grown for experimental purposes by any publicly owned agricultural experiment station or by any privately owned nonprofit agricultural research and experiment station or foundation. pp. 7937-8, 7939-40

4. FARM PROGRAM. Rep. Shriver called for a "thorough investigation of the Agricultural Stabilization and Conservation Service of the U. S. Department of Agriculture." p. 7934

5. TAXATION; FARM. Rep. Findley demanded proof of the "charge" made by the Internal Revenue Service that "American farmers fail to report an estimated $4 billion a year in taxable income," saying, "When the heavy hand of government also gives farmers a slap alleging colossal tax evasion, that calls for proof or apology." p. 7934

6. TRANSPORTATION. The Post Office and Civil Service Committee issued a report on improving Transportation Statistics (H. Rept. 1700). p. 7960

7. PERSONNEL. Received from GAO a report on a review of certain aspects of operations of the Federal employees' group life insurance program which is administered by the Civil Service Commission. p. 7960

Received from Interior a proposed bill "to authorize the Secretary of the Interior to employ aliens in a scientific or technical capacity"; to Interior and Insular Affairs Committee. p. 7960

The Education and Labor Committee reported without amendment H. R. 11677, to prohibit discrimination on account of sex in the payment of wages by certain employers engaged in commerce or in the production of goods for commerce and to provide for the restitution of wages lost by employees by reason of any such discrimination (H. Rept. 1714). p. 7960

The Post Office and Civil Service Committee voted to report (but did not actually report) H. R. 11753, to provide for the payment of certain amounts and restoration on employment benefits to certain Government officers and employees improperly deprived thereof (p. D-382). The Post Office and Civil Service Committee appointed several ad hoc subcommittees to consider a number of bills. p. D382

Rep. Lane said, "I join with many of my colleagues in supporting a real pay increase for Federal employees retroactive to January 1, 1962." p. 7934

8. EDUCATION. Rep. Harvey, Ind., discussed the land-grant college system, saying, "this month marks a century of progress insofar as land-grant colleges in the United States are concerned." pp. 7954-5

9. COMMON MARKET. Rep. Reuss discussed the expansion of the European Economic Community, saying, "in our preoccupation with expanding the Common Market, we have been pinning our hopes on the wrong group, pursuing the wrong goal, at the wrong time. It is entirely in order for the Congress to debate whether the United States should not start now to build the free world community." pp. 7956-9

10. LEGISLATIVE PROGRAM. Rep. Moss announced that H. R. 7596, the Navajo Indian irrigation project, will be considered on Tues., May 22. p. 7935

11. ADJOURNED until Mon., May 21. p. 7960

SENATE

12. AGRICULTURAL IMPORTS. By a vote of 80 to 3, passed with amendments H. R. 10788, to amend Sec. 204 of the Agricultural Act of 1956 so as to authorize the President to regulate imports of textiles and textile products from nonparticipating countries of multilateral trade agreements (pp. 7982-8004). A similar bill, S. 3006 was indefinitely postponed (p. 8004). Conferees were appointed (p. 4004).

By a vote of 62 to 23, agreed to an amendment by Sens. Humphrey and Morse, in the nature of a substitute for a proposed amendment by Sen. Mundt, to provide that in addition to agreements in regard to cotton and cotton textiles the President shall negotiate agreements with representatives of foreign nations limiting in like manner the export to the U. S. from foreign countries of beef and beef products, pork and pork products, fresh and frozen lamb, poultry and poultry products, dairy products, timber and timber products, when in his judgment such imports seriously affect domestic producers (pp. 7982-99). The Mundt amendment as amended by the Humphrey-Morse amendment was agreed to by a vote of 62 to 24 (p. 7999).

By a vote of 23 to 63, rejected a motion by Sen. Mundt to table the Humphrey-Morse substitute for the Mundt amendment. p. 7998

13. AMERICAN SAMOA. Passed as reported H. R. 10062, to authorize the Secretary of the Interior to request heads of Federal departments and agencies to extend, without reimbursement, scientific and technical assistance to promote the welfare of American Samoa. Also, the bill extends the school lunch program to American Samoa. p. 8047

14. FARM BILL. S. 3225, the farm bill, was made the unfinished business. p. 8049

15. FARM PROGRAM. The "Daily Digest" states that the Permanent Subcommittee on Investigations of the Government Operations Committee "met in executive session and voted unanimously to hold hearings in connection with the Billie Sol Estes case, date of which hearings is as yet undetermined." p. D379

Sen. Williams, Del., defended his recent statement of "the highly improper manner in which an employee of the Department of Agriculture was carted off, or railroaded to a mental institution," and inserted several items on this matter. pp. 8065-71

16. FEED GRAINS. Sen. Proxmire discussed why he believed "it would be a tragic mistake to enact a mandatory feed grains program as proposed by the Department of Agriculture," urged extension for 1 year of the present feed grains program, and inserted his letter to the Secretary on the matter. pp. 8071-7

17. HOSPITAL INSURANCE. Sen. McNamara stated that the King-Anderson bill and related legislation calling for a Federal program of hospital insurance for America's older people "will mean even more to farmers -- young as well as old -- than it will to city people," and inserted an article on its importance to rural people. pp. 8061-3

18. PUBLIC WORKS. Sen. Gruening discussed his proposed amendment to S. 2965, the standby public works acceleration bill, to increase the amounts authorized to be appropriated to "the same amounts authorized to be appropriated for foreign economic assistance," and inserted several items to support his proposal. pp. 8053-61

May 17, 1962

19. BEEF GRADING. Sen. Javits referred to a recent article, "Consumers Purchases of Beef," relating "to the fat content as affected by the grading practices of the Department of Agriculture and the resultant consequences to be considered, the health of consumers," and inserted a letter from the Secretary discussing the points raised in the article. pp. 8050-3

20. RECLAMATION. Passed as reported S. 2179, to authorize the Secretary of the Interior to amend repayment contracts with irrigation districts to provide for block development where that was not originally provided for. pp. 8036-7

21. PERSONNEL. Passed with amendments S. 2919, to authorize certain retired personnel of the Federal Government to accept and wear decorations, presents, and other things tendered them by certain foreign countries. pp. 8004-29

22. FORESTRY. Sen. Magnuson announced that he intends to move to suspend the rules on H. R. 10802, the Interior Department and related agencies appropriation bill, in order to propose an amendment providing $6 million for forest access roads. p. 7967

Passed without amendment H. R. 9097, to authorize the Secretary of Interior to sell certain public lands along the Snake River in Idaho which were omitted from surveys. This bill will now be sent to the President.

Consideration of an identical bill, S. 1485, was indefinitely postponed. p. 8037

23. SUGAR. Agreed to a unanimous consent request by Sen. Proxmire that the sugar bill (S. 3290) be allowed to stay at the desk until Wed., for additional cosponsors. pp. 7967-8

24. LIVESTOCK. Sen. McGee said that "meatpackers no longer are necessarily the manipulators of the prices of livestock, as once was the case, as compared with the chainstore operators, who today purchase so large a percentage of all livestock products." p. 7986

25. HOMESTEAD. Sen. Burdick discussed the centennial of the Homestead Act, saying, "I want to pay tribute today to these stouthearted individuals, who in order to establish a new start, were willing to risk the uncertainties of a new, raw, sparsely settled region." p. 7973

26. AREA REDEVELOPMENT. Sen. Muskie inserted a commendatory article, "Depressed Areas Law Operations; Government Loan Aids Maine Plant." pp. 7973-4

27. PASSED OVER the following bills:

S. 819, at the request of Sen. Engle, to provide for suitable works of art in Federal buildings. p. 8004

S. 2965, at the request of Sen. Engle, to provide standby authority to accelerate public works programs. p. 8034

H. R. 8355, at the request of Sen. Engle, to authorize Federal agencies to grant easements in, over, or upon real property of the U. S. p. 8035

S. 3225, at the request of Sen. Engle, the omnibus farm bill. p. 8035

H. R. 10162, at the request of Sen. Engle, to amend the Bretton Woods Agreements Act to authorize U. S. participation in loans to the International Monetary Fund. pp. 8046-7

H. R. 10802, at the request of Sen. Carlson, the Interior Department and related agencies appropriation bill. p. 8049

28. ADJOURNED until Mon., May 21. p. 8077

ITEMS IN APPENDIX

29. PUBLIC WORKS. Extension of remarks of Sen. Robertson and Rep. Pelly inserting an article, "Two Billion Dollars Through the Back Door," criticizing "back-door spending approach" for public works programs. pp. A3682-3, A3701-2

30. FORESTS. Extension of remarks of Sen. Byrd, W. Va., inserting his statement before the Senate Interior and Insular Affairs Committee in support of S. 1798, to provide for the establishment and administration of an Allegheny Parkway in the States of W. Va., Ky., and Md. pp. A3688-9

31. FARM PROGRAM. Extension of remarks of Rep. Michel inserting an article, "Another Billion-Dollar Fizzle," criticizing the feed grain program. pp. A3693-4

Extension of remarks of Rep. Edmondson inserting two prize-winning speeches by 4-H Club members. p. A3704

Extension of remarks of Rep. Alger criticizing the Administration's farm program and inserting an article, "Kennedy To Get Farm If His Bill Is Passed." pp. A3715-6

32. WILDERNESS. Extension of remarks of Rep. Dingell inserting 2 articles, "Wilderness and the Self-Interest of Man," and "The De Facto Wilderness: What Is Its Place?" pp. A3697-8, A3728-30

33. FOREIGN TRADE. Extension of remarks of Rep. Bow stating that "numerous inaccurate statements have been made in connection with the current controversy on the U. S. foreign trade policy," and inserting an article, "Let's Look at the Facts." pp. A3699-701

34. MILK SANITATION. Extension of remarks of Rep. Quie inserting a letter he received from the Minnesota State Board of Health in which the board announced its support of H. R. 50 and S. 212, the proposed National Milk Sanitation Act. p. A3720

BILLS INTRODUCED

35. SUGAR. H. R. 11792, by Rep. Boggs, H. R. 11800, by Rep. Rogers, Fla., and H. R. 11805, by Rep. Willis, to amend and extend the provisions of the Sugar Act of 1948, as amended; to Agriculture Committee.

36. PERSONNEL. S. 3325, by Sen. Moss, to extend the application of the Classification Act of 1949 to certain positions in, and employees of, the executive branch of the Government; to Post Office and Civil Service Committee.

H. R. 11806, by Rep. Dulski, to amend the Civil Service Retirement Act so as to provide for increases in annuities, eliminate the option with respect to certain survivor annuities, and provide for interchange of credits between the civil service retirement system and the insurance system established by title II of the Social Security Act; to Post Office and Civil Service Committee. Remarks of author. p. 7934

H. R. 11807, by Rep. Dulski, to increase annuities under the Civil Service Retirement Act; to equalize increases in annuity for certain employees retired before October 1, 1956, with annuities of other employees; to increase annuities whenever there is a general adjustment of salaries or the formulas for computing annuities of retiring employees is generally liberalized; to Post Office and Civil Service Committee. Remarks of author. p. 7934

H. R. 11808, by Rep. Dulski, to amend the Civil Service Retirement Act to provide for the adjustment of inequities; to Post Office and Civil Service Committee.

Secretary Freeman complains that my article "focuses undue attention on the fatness of beef." Let us see how much attention the Department's own publications focus on it. In a Department pamphlet, "Official U.S. Standards for Grades of Carcass Beef," dated June 1956, which describes the grading system, the statement is made: "Within any specified grade the degree of finish and marbling required increases progressively with advancing maturity." "Finish" and "marbling" mean, in effect, fat, and the sentence means that an older animal has to be fatter to make the grade; i.e., fat is so important in grading that, to a degree, it makes up for age of a slaughtered steer.

In describing "Prime" beef, the same publication says: "The interior fat is abundant in the pelvic cavity and over the kidney. The profusion of fat between the chine bones is liberal and the overflow of fat over the inside of the ribs is abundant and fairly evenly distributed. The intermingling of fat with the lean in evidence between the ribs, called feathering, is extensive." But in describing "Choice" beef the wording changes, and the official description for this grade calls for "a moderate quantity of interior fat" and "a modest protrusion of fat between the chine bones and moderate overflow fat and feathering." In older "Choice" carcasses, "fairly heavy" deposits of interior fat are called for, and "a moderate protrusion of fat between the chine bones and moderately abundant overflow fat and feathering." In sum, "Prime" beef calls for "abundant" overflow of fat over the inside of the ribs, whereas "Choice" carcasses show only "moderate" or "moderately abundant" overflow.

When we get down to the third grade, "Good," the official description requires "only a slight protrusion of fat between the chine bones and only a small overflow of fat over the inside of the ribs." Older "Good" animals will have "slight protrusion of fat between the chine bones and slightly abundant overflow fat and feathering."

"Standard grades will have "practically no protrusion of fat between the chine bones and very scanty quantities of overflow fat and feathering," varying to older carcasses showing "very slight protrusion of fat between the chine bones and a small amount of overflow fat and feathering." If these standards do not focus attention on fat, one can only wonder what words mean.

Secretary Freeman attempts to show that "much" fat on the outside surface of the carcass "is trimmed from retail cuts at the store, in the kitchen or on the plate, and is not consumed." Here he touchs very lightly indeed on the unending war between the consumer and the butcher as to how much trimming is to be performed before the weighing. Few housewives and few butchers would agree that this comment disposes of the costly suet problem. As to the statement that the fat "is not consumed," I quote Dr. Ancel Keys, director of the Laboratory of Physiological Hygiene of the University of Minnesota, one of America's foremost heart researchers: "The most expensive grades of beef are the fattest; the top grade—and price—goes to beef so diffusely marbled with fat that it defies trimmming to produce really lean meat." (Page 135, "Eat Well and Stay Well," by Ancel and Margaret Keys, New York, 1959.)

The Secretary of Agriculture mentions an agricultural college survey purporting to show that "chemical analysis of the fat actually within the rib eye muscle—the largest muscle in T-bone steaks and rib roasts—averaged about 7.75 percent for the Choice grade and 6.25 percent for the Good grade." But no housewife I ever heard of cuts out this one muscle for cooking; the whole cut is cooked and the fat of the whole cut adds itself to the gravy and to the meal. As against Secretary Freeman's point, there is a table by Dr. Keys showing (op. cit., p. 333) that "Prime" rib of beef runs 2,040 calories to the pound and is 44 percent fat, while "Good" rib goes 1,540 calories to the pound and is only 31 percent fat. Secretary Freeman's quarrel is with such experts as Dr. Keys, not with me, and he must realize that he has placed himself in the position of contending against authorities of this type.

I could go on indefinitely, but will not. I have not touched on the atmosphere in the meat trade, the concentration on "finishing" and fattening steers to "make the grade." I recall a Government grader, working in a coldroom, saying: "The exact amount of marbling is easily discerned. This is a very important grade factor, one of the most important. It is the real true quality factor."

As to other points raised by Secretary Freeman, I hold no special brief for "packers' brands." I do, however, feel that they would lead to a lesser competition in the production of fat to "make the grade." I did not imply that "the leaner the hamburger the better it is."

I wrote that in hamburger, housewives pay more to get less fat, because in this area they are aware of fat content, while they are not quite so clear that this question is involved in the grading system. I believe that the Charolais steer produces cuts that are likely to be tender while lean; however, the point is not central to this dispute; and I am well aware that a few Charolais steers are being imported from such countries as Mexico, though not in numbers and not from their home country, France. I spoke of a slackening dependence on Government grading, which Secretary Freeman tries to answer by showing an increased consumption of graded meat: the context of my reference clearly shows that I was not referring to consumer habits, but to the fact that some stores are learning to use other appeals, such as leanness, instead of Government grade names, in advertising their beef. As regards Secretary Freeman's description of the new dual grading system, it is devoutly to be hoped that this will produce and popularize leaner meat, but, again, that is not central to the blunt and direct attacks raised against my article.

In obtaining my material, I conferred with a spokesman for Mr. Freeman's Department. I traveled to Chicago. I spoke with representatives of two packers' associations, and with individual retail meat sellers. I went down into the cold rooms and saw grading in process. I obtained cuts of the various official grades of beef, and tested them in my home. I conferred with meat buyers and chefs of three famous restaurants. I spoke with cattle breeders and experimenters. I canvassed the literature, and checked my findings with an outstanding heart student, who hailed my article "for breaking the ice on this issue." Secretary Freeman has used such phrases as "untrue," "serious error," etc. I do not propose to trade unpleasant phrases with him. But accuracy is my integrity. In respect for my profession, I feel I must say that I consider it out of order for a high public official to assume that an experienced journalist, with no ax to grind, working for a most reputable section of the American press, would use material that had not been most carefully checked.

Sincerely yours,

SAMUEL GRAFTON.

LET US JUST ONCE DO AT LEAST HALF AS MUCH FOR THE FOLKS AT HOME AS FOR THOSE IN FOREIGN LANDS

Mr. GRUENING. Mr. President, I send to the desk an amendment to S. 2965—the emergency public works bill—which it is my intention to call up at the appropriate time.

The amendment is simple.

It raises the amounts authorized to be appropriated for emergency public works from $600 million to "the same amounts authorized to be appropriated for foreign economic assistance under the provisions of sections 202—for the fiscal year 1963—212, 401, and 451 of the Foreign Assistance Act of 1961." Those are the exact words of my proposed amendment. However, in order that my colleagues may have the amendment before them in customary form, I ask unanimous consent that my amendment be printed at the conclusion of my remarks.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table; and, without objection, the amendment will be printed in the RECORD, as requested.

(See exhibit 1.)

Mr. GRUENING. Mr. President, I have previously served notice of my intention to offer this amendment in my individual views in the committee's report on 2. 2965. I ask unanimous consent that those views be printed in full at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. GRUENING. Mr. President, my amendment seeks only to place our domestic program for alleviating unemployment in a position of equality with what we are doing abroad. As a matter of fact, Mr. President, even if my amendment is adopted—and I sincerely trust that it will be—there still will not be equality.

The amendment which I propose would raise the maximum authorized to be appropriated for the program of emergency public works from $600 million to $2,645 million computed as follows:

Sec. 202—Development Loan Fund (for fiscal year 1963 only)	$1,500,000,000
Sec. 212—Development grants	380,000,000
Sec. 401—Supporting assistance	465,000,000
Sec. 451—Contingency fund	300,000,000
Total	2,645,000,000

Actually the Foreign Assistance Act of 1961, as amended, authorizes the appropriation of much more than $2,645 million for foreign economic aid. Actually, for the 5 fiscal years beginning with fiscal year 1963, section 202 of the Foreign Assistance Act of 1961 authorizes the appropriation of $1,500 million for each of these fiscal years or a total of $7,500 million for the five.

Thus, even with the adoption of my amendment, there would be authorized to be appropriated for this "one shot" program of emergency public works to help our own unemployed only about one-third of the amount authorized to be appropriated for foreign economic aid under the Foreign Assistance Act of 1961.

I wish to make it crystal clear that my amendment does not affect or apply to the standby provisions of S. 2965. Actu-

ally, it can be said that my amendment moves up the $2 billion authorized for a program of standby public works to the emergency program and says in effect that emergency intended to be met by the standby program is upon us now.

And, considering the all too many pockets of depression of the United States, that is by no means an exaggeration.

We cannot accurately judge the human misery stalking our land by looking at the overall rate of unemployment.

During the week ending April 28, 1962, insured unemployment in Nome, Alaska, was 33.5 percent. It was no comfort to the unemployed worker in Nome to know that the national rate of insured unemployment during the same week was 4.3 percent.

The unemployed worker in Fairbanks—insured unemployment rate 17.9 percent—could derive little comfort from the fact that the Congress was talking about "standby" public works when things get worse.

How much worse must it get, Mr. President, before the Congress acts to relieve to the extent possible unemployment in the numerous pockets throughout the Nation?

I ask unanimous consent, Mr. President, that there be printed at the conclusion of my remarks a table, prepared by my office, of unemployment in Alaska for the week ending April 28, 1962. These figures have been derived from the Labor Market Bulletin issued by the Alaska Department of Labor.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. GRUENING. Mr. President, this is no time to stand by. This is a time for bold, decisive action. In my opinion, nothing can be more heart-rending than a man—a husband and a father—who cannot find work to support himself and family even though, week after week after week, he trudges wearily from door to door seeking such work. It is distressing for single men with no family responsibilities.

Dr. Kenneth Galbraith has written an excellent book entitled "Our Affluent Society" showing that more people in the United States are now living at a higher standard than ever before. I agree with the picture he has drawn in his book and I am happy that it is so.

But in rejoicing at the greater affluence of more and more of our people, let us not overlook the almost one-fourth of our Nation who are living in abject poverty without hope for the future or for their children's future unless prompt and intelligent measures are taken at once. The plight of these 40 million Americans is graphically pictured in a recent book by Mr. Michael Harrington entitled "The Other America" published by McMillan Co. this year. I commend it highly to my colleagues for it brings to our attention forcefully the need for immediate action—and action on a scale commensurate with the size of the problem.

As long as this problem exists for some 40 million Americans it is our inescapable duty to face it and to eliminate it as far as is humanly possible. Our obligation to these Americans, in my judgment, supersedes aid for impoverished people in other lands. Moreover we shall be able to help these people in foreign countries all the better if we raise our own living standards and put an end to the costly wastes of chronic unemployment.

In this—the richest of all lands—such a situation cannot and should not be tolerated.

Nor should we meet an emergency situation with halfway measures. We should not delude the people of the Nation. We must bring to bear on a solution of this problem all the resources that are needed. To do less is little better than doing nothing at all. To do less would be to disappoint millions of unemployed men and women throughout the country who are looking to Congress for action now.

According to the report from the Area Redevelopment Agency of the Department of Commerce as of May 1, 1962, 933 areas in the Unitel States are designated as eligible to take part in the area redevelopment program. These are divided as follows: 148 urban-industrial areas; 735 rural and small labor markets; and 50 Indian reservations.

These areas have a population of 34.7 million people and a labor force of 13.2 million. Of the latter, 1.4 million are unemployed. Thus these areas have 19 percent of the Nation's population and 19 percent of the Nation's labor force, but they have 31 percent of the unemployed of the country.

Now what is proposed to meet the persistent high rate of unemployment of these 933 areas throughout the Nation?

It is proposed in S. 2965 to authorize the appropriation of $2 billion for a program of public works on a standby basis, usable only if the total unemployment in the Nation rises to a predetermined figure. In addition, it is proposed to authorize the appropriation of an additional $600 million for an emergency, immediate public-works program. This sum averages about $600 for each man and woman unemployed in these designated areas, assuming the entire amount is spent on wages, which, of course, will not be the case.

My amendment would quadruple that sum.

That quadrupled sum would be much more realistic considering the magnitude and the urgency of the problem.

I wish to make it absolutely clear that my proposal would not take a single penny from the foreign aid program. It merely uses the particular wording to point up the fact that we would be spending on this 1-shot, emergency program here at home far less than we are spending abroad for economic aid.

The foreign aid program would continue as now authorized and the money appropriated for that program would remain intact, if Congress approves.

I know that the question will be raised: can the sum you propose to spend on public works within 27 months actually be spent by the States economically and efficiently within that period of time.

It should be raised, and answered, because I do not want to propose anything here that would lead to wasteful expenditure of Federal funds. I know that none of my colleagues want to do so either.

But I do know that along with me many of my colleagues are concerned that we do enough to meet the problems of persistent unemployment in the 933 designated areas throughout the country.

In order to obtain the answer, I wired the Governors of the 50 States of the Nation and asked them the question and asked them to be specific in their replies. I ask unanimous consent that a copy of my telegram to the Governors of the States be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 4.)

Mr. GRUENING. Mr. President, I have to date received replies from the Governors of only 12 States who have indicated that they are ready to go with public works projects totaling $1.6 billion.

I also ask unanimous consent that the detailed replies received from the Governors of these States be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 5.)

Mr. GRUENING. Mr. President, let no one here delude himself.

We shall either spend this $2,645 million on constructive investments in the future economic strength of the United States—in schools, hospitals, roads, sewer and water works, dams, airports and the like—or we shall spend that and much more in the next 27 months and in the years to come in unemployment compensation and in welfare payments, and suffer the loss of tax revenue which fuller employment will generate.

We cannot long neglect our own resources—human and natural—while building the resources of foreign nations. At stake is not our willingnes to continue to aid the less developed countries, at stake is our ability to continue without at the same time renewing our own strength.

We can renew that strength by a program of public investments of the magnitude which I propose by my amendment.

In the years 1955–61, we have granted to foreign nations for foreign economic aid projects of exactly the same type as would be constructed under my amendment millions upon millions of American dollars.

Can we afford to do less for our own people at a time when many of the areas of our nation are so hard pressed?

Can we afford to do less for the unemployed of the United States when we are doing so much for the unemployed and others abroad?

As one reads about the flight of capital from Latin America one cannot but compare the lack of faith of the rich of those

nations with the abiding faith of our unemployed who are willing to pitch in and work but lack only the opportunity to work.

I ask, Mr. President, for an additional $2 billion to give our own citizens the same chance that we have given and are giving to the citizens of other lands.

The question which each and every one of us must ask himself is this: Am I prepared to give to the unemployed of the depressed areas of Gadsden, Ala.; Anchorage, Alaska; Camden, Ark.; Modesto, Calif.; Bristol, Conn.; Carrollton, Ga.; Cairo-Metropolis, Ill.; Evansville, Ind.; Pittsburg, Kans.; Paducah, Ky.; Hammond, La.; Biddeford-Sanford, Maine; Cumberland, Md.; Lowell, Mass.; Detroit, Mich.; Duluth, Minn.; Washington, Mo.; Butte, Mont.; Atlantic City, N.J.; Schenectady, N.Y.; Fayetteville, N.C.; Portsmouth-Chillicothe, Ohio; Muskogee, Okla.; Altoona, Pa.; Providence, R.I.; Conway, S.C.; Greeneville, Tenn.; Laredo, Tex.; Big Stone Gap-Appalachia, Va.; Aberdeen, Wash.; Charleston, W. Va.; and La Crosse, Wis. the same opportunity that has been given to the unemployed in Sudan to work on a highway construction project involving 1.8 million American dollars, or the unemployed in Yemen to work on a highway construction project involving 3 million American dollars, or to the unemployed in the Republic of China to work on the Ku Kwan hydroelectric project involving 2.5 million American dollars, or to the unemployed in the Philippines to work on a port facilities and harbor improvement project involving 3.2 million American dollars.

For myself, Mr. President, the answer is abundantly clear. If I am expected to take care of the unemployed abroad with American dollars then I can do no less than take care of the unemployed here at home first and just as adequately.

Mr. President, to date I have received replies from Governors of the following States giving the amounts which they could use for public works which could be completed in 27 months:

State:	*Amount*
Alabama	$50,500,000
Alaska	64,184,400
California	183,000,000
Colorado	20,926,000
Connecticut	28,545,000
Hawaii	24,111,912
Maryland	92,590,000
Michigan	639,000,000
Nevada	4,968,000
Ohio	329,259,645
Washington	40,000,000
West Virginia	89,155,950

It is obvious from even this response that in all the States at least four times the amount of funds which I propose could be spent on useful public works projects to relieve unemployment in areas of chronic unemployment.

My proposal is really a very modest one considering the need.

EXHIBIT 1

On page 10, line 23, and on page 11, line 1, delete the words "the sum of $600,000,000" and insert in lieu thereof the following: "the same amounts authorized to be appropriated for foreign economic assistance under the provisions of sections 202 (for the fiscal year 1963), 212, 401, and 451 of the Foreign Assistance Act of 1961, as amended".

EXHIBIT 2

SEPARATE VIEWS OF MR. GRUENING

I voted to report favorably S. 2965 providing for both a standby program of public works and an immediate program of public works for which an appropriation of $600 million was authorized.

It is my belief that much more than the authorized $600 million is needed and could usefully be used to put the unemployed back to work.

In a statement distributed to the members of the Public Works Committee, I stated:

"On March 27, 1962, the able and distinguished Senator from New Mexico, Mr. CHAVEZ, introduced an amendment to S. 2965, a bill to provide standby authority to accelerate public works program of the Federal Government and State and local public bodies. The amendment would authorize the appropriation of $600 million for an immediate public works program.

"I commend the Senator from New Mexico for his foresight in submitting such an amendment.

"However, the amount is, in my opinion, hardly sufficient to meet the economic strain now being experienced in certain areas of the Nation.

"Accordingly, I now offer an amendment to the amendment of the Senator from New Mexico, raising the amount authorized to be appropriated for a program of immediate public works to the same amount authorized to be appropriated for foreign economic assistance.

"It does seem to me that we should be willing to spend at least as much at home to take care of our own economically distressed areas as we are willing to spend abroad for aiding foreign economically distressed areas.

"My amendment does not, I admit, do equal justice as between foreign and domestic programs. Under the amendment proposed by the Senator from New Mexico, Mr. Chavez, only one appropriation is authorized, namely, the sum of $600 million. Under my amendment, the limit of this one-time appropriation would be raised to the limit authorized in the Foreign Assistance Act of 1961 for the Development Loan Fund (sec. 202), the development grants and technical cooperation (sec. 212), supporting assistance (sec. 402), and contingency fund (sec. 451). Under the Foreign Assistance Act of 1961, there is authorized to be appropriated for the fiscal year 1962 and the 4 succeeding fiscal years the total sum of $7.5 billion. My proposal is much more modest. In setting the limit to the amount that would be authorized for our immediate public works program, I have used only the figure of $1.5 billion—the amount authorized for the fiscal year 1963 only.

"My amendment would increase the amount authorized to be appropriated for the immediate public works program to $2,645 million, computed as follows:

Sec. 202—Development Loan Fund	$1,500,000,000
Sec. 212—Development grants	380,000,000
Sec. 401—Supporting assistance	465,000,000
Sec. 451—Contingency fund	300,000,000
Total	2,645,000,000

"In proposing this increase in the amount authorized to be appropriated, I have used only the authorizations contained in the Foreign Assistance Act of 1961. I have not considered the amounts of U.S. funds made available abroad through such lending agencies as the World Bank, Export-Import Bank, Inter-American Development Bank, etc. Billions of American dollars have been and are being channeled abroad through these agencies. In many cases, the so-called loans are not loans at all but grants.

"In my humble opinion, no situation is more tragic than that of men and women unemployed who wish to work and cannot find it. In my humble opinion, no situation is more paradoxical than that this wealthiest country on earth, which has poured out $100 billion in the last decade and a half to help foreign countries, and proposes to spend even greater sums in the future for the same purpose, cannot meet its primary obligation to its own people.

"I am merely proposing, by this amendment, to offer a fraction for the relief of economic distress and the creation of employment for our fellow Americans of what we have been doing or are asked to do—and will doubtless continue to do—in far larger measure for inhabitants of 100 foreign countries.

"My amendment is as follows:

"On page 2, line 24, delete the words 'the sum of $600,000,000' and insert in lieu thereof the following: 'the same amounts authorized to be appropriated for foreign economic assistance under the provisions of sections 202 (for the fiscal year 1963), 212, 401, and 451 of the Foreign Assistance Act of 1961, as amended'."

In order to insure prompt action on this vitally needed measure by the Senate, I did not press my amendment in committee but must reserve my position on the amount authorized for an immediate program of public works when this bill is considered in the Senate.

ERNEST GRUENING.

EXHIBIT 3

Private industry insured unemployment rates by administrative area and industry

By administrative area	This week (Apr. 28, 1962)		Last week (Apr. 21, 1962)		Year ago (Apr. 29, 1961)	
	Weeks claimed	IUR [1]	Weeks claimed	IUR [1]	Weeks claimed	IUR [1]
State	5,322	16.2	5,699	17.4	6,500	19.9
Anchorage	3,005	16.7	3,198	17.8	3,315	18.4
Fairbanks	1,220	17.9	1,322	19.3	1,664	27.6
Juneau	282	10.5	294	10.9	328	11.5
Ketchikan	276	10.3	302	11.3	500	15.9
Nome	177	33.5	201	38.0	207	33.3
Petersburg	274	34.7	297	37.6	312	40.9
Sitka	88	7.2	85	7.0	165	13.8

By industry	This week (Apr. 28, 1962)		Last week (Apr. 21, 1962)		Year ago (Apr. 29, 1961)	
	Weeks claimed	IUR [1]	Weeks claimed	IUR [1]	Weeks claimed	IUR [1]
Total	5,322	16.2	5,699	17.4	6,500	19.9
Mining	201	17.4	257	22.3	310	27.6
Construction	2,044	45.0	2,238	49.3	2,706	46.6
Manufacturing	1,035	19.7	985	18.8	1,232	21.5
Transportation and utilities	462	6.6	542	7.7	502	8.3
Trade	503	6.2	571	7.0	627	8.3
Finance	56	3.7	51	3.4	80	5.7
Service and other	1,021	19.8	1,055	20.5	1,043	21.0

[1] Insured unemployment rate.

EXHIBIT 4

APRIL 18, 1962.

Senate Public Works Committee today reported emergency public works bill authorizing appropriation of $600 million for one-shot effort for public works projects in economically distressed areas. As member of committee, I expressed concern that sum authorized was totally inadequate to meet Nation's needs. Would appreciate your writing me as soon as possible giving me as much information as possible concerning public works projects in economically distressed areas of your State which could be completed in 27 months, giving estimated costs and man-hours of work which would be provided.

EXHIBIT 5

STATE OF ALASKA,
Juneau, May 2, 1962.

Hon. ERNEST GRUENING,
U.S. Senate,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR GRUENING: We have gathered the following information from the Alaska Department of Public Works.

Of the approximately $388,812,748 listed as capital improvement needs for the next 6 years, approximately $99 million would be paid for by the State of Alaska, exclusive of any Federal moneys made available under Federal grant-in-aid programs. A summary of this $388,812,748 program is set forth on page 8 of the attached document, "A Capital Improvement Program for the State of Alaska, 1962–68." Projects which are to be financed in whole or part from State or local funds are summarized on pages 11 through 17.

As you can see, we have a considerable inventory of buildings, structures and improvements that should be built. We do not have a great many projects ready to be advertised at this time, but we should be able to add to the list fairly quickly providing that we can obtain Housing, and Home and Finance Agency advances for advance planning and providing that the various bonding proposals pass. With the incentive provided by a public works act, such as S. 2965, the State could prepare a number of the more uncomplicated projects, such as classroom additions to State-operated schools, small State-operated schools for contract, and make application for Housing and Home and Finance Agency planning advances and grants for the more extensive projects. Actually, we are now working on a number of applications for HHFA advances and grants for the planning and design of a number of State-operated schools and various facilities at the University of Alaska.

Accordingly, the following list of projects which are designed, are being designed, or will be designed in next year, very substantially understates our ability to utilize S. 2965 in carrying out the purpose of that act. In this connection, I should note that the capital improvement program is a conservative document. In preparing the capital improvement program many needed projects were deleted to hold the program within the State's ability to finance.

The projects which probably most nearly qualify for immediate consideration under a standby public works act are:

1. The International Airport Terminal buildings projects at Anchorage and Fairbanks, representing a value of $3.8 million and $1.8 million, respectively, are fully complete and ready for bidding.

2. Projects which are now in the planning stage with design completion anticipated before August of this year are Salcha Elementary School ($160,000), Eagle River School Addition ($288,000), Soldotna School addition ($183,000), and Glen Allen Refrigeration and foundation ($55,000). Funds for these projects have been provided under the 1962–63 State Education Budget. The total for these schools is $686,000.

3. At present, three applications are being prepared for submittal to the Housing and Home Finance Agency for an "Advance for Public Works Planning." If approved, funds would be available to complete architectural-engineering design for the Ninilchik School addition ($400,000), the Metlakatla Elementary School ($600,000), and the Fort Yukon School addition ($260,000). Approximately 5 months will be required before these projects would be "set to go." The total for these schools is $1,260,000.

4. The following schools might be ready for contract this year if the $5 million bond issue for State operated schools passes:

Ambler School	$55,000
Eagle River (further classroom addition)	52,000
Delta Junction	516,000
Homer	554,000
Tanana	252,000
North Kenai	554,000
Sterling	150,000
Chugiak High School	1,200,000
McGrath	78,000
Brown's Court	160,000
Fortuna Ledge	78,000
Total	3,649,000

NOTE.—The legislature appropriated $75,000 for planning and design for Chugiak High School. Some preliminary work has already been done on this project.

5. The vocational school at Nome, although funded under a $1,500,000 general obligation bond authorization, is another project which could qualify. Final plans could be completed within 5 months.

6. If the $7,200,000 bonding program for the University of Alaska passes, money will be available for the construction of an addition to the engineering and physical sciences building, a biological sciences and renewable resources building, completion of the university's new heating plant, and other related facilities.

7. Invitations to bid on the construction of fire and crash stations at the Anchorage and Fairbanks International Airports, approximately $180,000 each will be advertised this June.

8. A $160,000 addition to the Miner and Minerals Building in Anchorage may be erected in the 1963 construction season.

9. Proposed water and harbors projects scheduled for the 1962 and 1963 construction seasons which are not yet under contract are:

Angoon, docks	$50,000
Cordova, floats	50,000
Craig, dock	40,000
Douglas, floats	45,000
Homer, floats	65,000
Hydaburg, dock	25,000
Hyder, float	7,500
Klawock, dock approach	40,000
Kodiak, floats	30,000
Ninilchik, floats	23,000
Seldovia, floats	65,000
Seward, floats	46,000
Valdez, floats	38,000
Wrangell, floats	31,000
Total	555,500

NOTE.—Considerable work has been done on some of the foregoing projects or is now underway. Since this work is already contracted out, it is not reflected in the above estimated cost figures. Other projects which are now under contract are also not reflected.

10. The following bush air fields are programed for construction in the 1962 and 1963 construction seasons:

New Stuyahok	$15,000
Alitak	50,000
Anvik	15,000
Buckland	10,000
Chevak	15,000
Circle City	7,500
Egegik	$20,000
False Pass	10,000
Goodnews	10,000
Holikachuk	15,000
Kasaan	5,000
Koliganek	10,000
Koyukuk	15,000
McCarthy	49,000
Metlakatla	5,000
Nulato	25,000
Ouzinkie	30,000
Pilot Point	15,000
Quinhagak	5,000
Russian Mission	15,000
Shageluk	7,400
Shungnak	10,000
Stebbins-St. Michael	10,000
Tanunak	15,000
Togiak	10,000
Total	393,900

I have omitted mention of projects planned for our annual $37 million to $40 million Federal aid highway program and the Federal aid airport program. I gather that these programs will not be affected by the proposed standby public works act.

If I can supplement any of this information, please let me know.

Sincerely,

GARY THURLOW,
Executive Assistant.

SACRAMENTO, CALIF., *May 7, 1962.*

Hon. ERNEST GRUENING,
U.S. Senator,
Washington, D.C.:

In reply to your telegram of April 18, it is estimated that the State of California could initiate and accelerate $183 million in public works projects and complete them within a period of 27 months. These projects would utilize an estimated 18 million man-hours of labor at the job site.

EDMUND G. BROWN,
Governor of California.

OLMYPIA, WASH., *May 2, 1962.*

Hon. ERNEST GRUENING,
U.S. Senator,
Senate Office Building,
Washington, D.C.:

Review of public works of our State indicates that nearly $400 million would be needed for the completion of the total public works projects contemplated in the next 3 to 4 years in economically distressed areas when limited to projects believed to have a completion date within a 27-month period. The total would amount approximately $40 million. This latter figure would represent specific items such as buildings, utilities, etc. The larger figure given would include such items as dam completion, the canal possibility, atomic generation of electric power, and steam generation coal plants.

ALBERT D. ROSELLINI,
Governor of Washington.

THE STATE OF NEVADA,
Carson City, April 27, 1962.

Hon. ERNEST GRUENING,
Senate Public Works Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR GRUENING: I am happy to supply the information you requested in your recent telegram regarding the emergency public works bill.

The accompanying data, compiled by our department of highways, relates to roadway construction contemplated or underway in the counties of Lincoln and Mineral, the two Nevada counties officially recognized by the Federal Government as depressed under the area redevelopment program.

I trust the enclosed data provides you with the information you desire. If I can be of any further service, please let me know.

Cordially,

GRANT SAWYER,
Governor.

Road contracts to be completed within approximately the next 27 months, Lincoln and Mineral Counties, Nev.

	Estimated construction cost	Estimated man-hours
Lincoln County:		
Project S-544(10) U.S. 93 from 14 miles southeast to 1 mile north of Alamo (15 miles)	$1,600,000	150,000
Project S-554(9) U.S. 93 from 14 miles to 22 miles southeast of Alamo (8 miles)	700,000	63,000
Project F-008-1(3) SR 25, from 2d st. to 6th St. in Panaca (0.5 mile)	70,000	7,000
Subtotal	2,370,000	220,000
Mineral County:		
Project F-004-1(3) U.S. 6 from 8.6 miles east of California-Nevada State line to 3.5 miles east of Basalt (6.7 miles) (construction underway)	948,000	86,000
Project F-004-1(4) U.S. 6 from California-Nevada State line to 8.6 miles east (8.6 miles) (construction underway)	1,100,000	99,000
Project S-525(1) FAS 525 from Nevada-Scheelite mine north to U.S. 50 (19.1 miles) (25% of this project in Mineral County)	550,000	52,000
Subtotal	2,598,000	237,000
Grand total	4,968,000	457,000

STATE OF COLORADO,
Denver, April 27, 1962.

Hon. ERNEST GRUENING,
Senate Office Building,
Washington, D.C.

DEAR SENATOR GRUENING: In response to your telegram of April 18, we are enclosing a list of public works projects in Colorado redevelopment areas that reportedly could be initiated and completed in 27 months subject to availability of funds.

This information was accumulated through contact with various city and county officials and State agencies.

We are not entirely familiar with the criteria for eligibility to participate under the terms of the proposed legislation or with the legislative definition of public works. We have not, therefore, attempted to evaluate whether or not all of the listed projects could qualify for assistance under the proposed legislation.

We were not able to obtain an assessment of the man hours of work which would be provided by the projects as engineering studies are not available in connection with most of the proposals.

Very truly yours,

STEVE MCNICHOLS.

List of public works projects in redevelopment areas that could be initiated and completed in 27 months if funds were available as reported by various city and county officials and projects listed by the game and fish department

Area		Description	Estimated cost
County	City		
Alamosa		Water service to East Alamosa	$250,000
		Community Youth Center	200,000
		Addition to county courthouse	150,000
		Storm sewer and curb and gutter for East Alamosa	50,000
		Dike and river work on Rio Grande through city of Alamosa	50,000
		Total	700,000
	Alamosa	Paving city streets	386,000
		Extending airport runway	40,000
		New water well, mains, and extensions	100,000
		Enlarge sewer lagoons	50,000
		Storm sewer, South Alamosa	60,000
		Sanitary sewer system; new major trunkline	330,000
		Total	966,000
		Total, Alamosa County	1,666,000
Clear Creek		Georgetown Reservoir	360,000
	Idaho Springs	Short wave communication system for city and county	8,000
		City street paving	75,000
		Sewage disposal plant	20,000
		Total	103,000
	Georgetown	Sewage disposal plant and collection system	100,000
		Develop Georgetown Lake as recreational area	225,000
		Rebuild water distribution system	100,000
		Total	425,000
		Total, Clear Creek County	888,000
Conejos		No county projects reported	
	Antonito	75 low-cost dwellings for transient workers	400,000
		Waterline	60,000
		Sewer system	180,000
		Total	640,000
	La Jara	No projects reported	
		Total, Conejos County	640,000
Costilla		County courthouse and jail	225,000
		County shops	100,000
		Fort Garland community building	35,000
		Hospital addition	50,000
		San Luis Water and Sanitation District sewage system	(1)
		Total	410,000
	Blanca	Water and sanitation system	(1)
		Total, Costilla County	410,000
Gilpin		Improvement, Corona Pass Rd	225,000
	Blackhawk	Water system and sewage disposal plant	75,000
	Central City	Water system and sewage disposal plant	100,000
		Recreational development, park, etc	25,000
		Total	125,000
		Total, Gilpin County	425,000

[1] No estimate.

List of public works projects in redevelopment areas that could be initiated and completed in 27 months if funds were available as reported by various city and county officials and projects listed by the game and fish department—Continued

Area		Description	Estimated cost
County	City		
Huerfano		County courthouse and jail	$1,000,000
		Surfacing county roads to ski and other scenic areas	239,000
		Acquisition and development of irrigation system for development of recreational facilities for Huerfano-Cucharas area.	3,000,000
		Waterfowl development	110,000
		Total	4,349,000
	La Veta	Expansion of sewer collection system and disposal plant	40,000
		Water filter plant	65,000
		Total	105,000
	Walsenburg	Sewage disposal plant	158,000
		Street paving, curbs, gutters, and storm sewer system	500,000
		Rebuilding and extending waterlines	100,000
		Purchase and install water meters	108,000
		Extension of sewerlines	42,000
		Rebuilding electric distribution system and expanding electric production facilities	1,500,000
		City park recreational area	50,000
		Mine museum	18,000
		Senior high school	750,000
		Total	3,226,000
		Total, Huerfano County	7,680,000
Las Animas		Grade and pave Cucharas Pass for 12 miles	1,000,000
		Construction of 2-mile connecting roads between 2 State highways	40,000
		Recreational development at fairgrounds	50,000
		Pave connecting road from Aguilar to Highway 111	200,000
		Develop mountain recreation area	100,000
		Enlargement of North Lake	100,000
		Enlargement of Monument Lake	200,000
		Alkali Creek Reservoir	100,000
		New road construction, North Fork, Purgatoire River	50,000
		Total	1,840,000
	Aguilar	Filter plant and water distribution system	200,000
	Cokedale	Pave streets	50,000
		Water distribution and storage	300,000
		Total	350,000
	Trinidad	New sewage lines and disposal plant	627,000
		Animas St. Bridge over Purgatoire River	230,000
		Rebuild water distribution system and water storage facilities	2,230,000
		Curb and gutter and paving	1,500,000
		Garbage, refuse, and disposal	40,000
		Police and fire building	200,000
		Development of Monument Lake Recreational Area	2,000,000
		Total	6,827,000
		Total, Las Animas County	9,217,000
		Grand total	20,926,000

THE STATE OF OHIO,
Columbus, April 27, 1962.

The Honorable ERNEST GRUENING,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: Mr. E. S. Preston, director of highways, has estimated that in the 20 counties which have been declared as distressed areas, that his department could have the capacity to develop plans and complete $250 million worth of highway construction projects in the next 27 months. There is now under construction in the same area 102 miles of highways estimated to cost $79,797,000. He further estimates that the $250 million highway construction program would generate 28 million man hours of work.

This area, I think, will be benefited immeasurably by the improvement of the highway situation which I think contributes very largely to the chronic depression that exists. If it is difficult to move man and materials into a community, then this community does not lend itself to industrial or economic development. Other programs can be of assistance, but there is no program that can be more helpful and is as basic as is the improvement of the manner of transportation.

I have asked our director of public works to also report on the necessities of this area with reference to public works generally and, as soon as those figures are available, we will make them available to you.

With all best personal wishes to you, I am,

Sincerely,

MICHAEL V. DISALLE,
Governor.

Ohio Department of Natural Resources—Public works projects for economic distressed areas in Ohio

Project	Description	County	Total cost	Labor, man-hours	Department's priority	Annual economic benefits	Remarks
Ohio Brush Creek Reservoir	Recreation and water supply	Adams	$3,530,700	321,920	3	$3,000,000	Construction plans needed.
Brush Creek and Shawnee State Forests.	Timber stand improvement, roads and trails, structures.	do	442,060	268,350	1	(1)	
Trimble water system	Village distribution system	Athens	60,000	4,081	1	5,000	Plans complete.
Strouds Run State Park development.	Buildings, water and sewer, camping, swimming beach, roads and parking docks and ramps, reforestation.	do	600,000	50,000	3	50,000	Estimate 10,000 annual increase park attendance. Dow Lake in this park is an attraction which far exceeds facilities available.
Waterloo, Gifford, and Athens Park State Forests.	TSI, roads and trails, structures	do	74,011	45,260	1	(1)	
Belmont Lake	Road relocation	Belmont	205,000	17,083	1		Plans complete.
Barkcamp State Park	Buildings, water and sewer, roads and parking, docks and ramps, reforestation, camping, picnic areas.	do	700,000	58,000	3	500,000	New park with lake ready for filling except for road relocation. Would serve transient trade using Interstate 70.

Footnote at end of table.

Ohio Department of Natural Resources—Public works projects for economic distressed areas in Ohio—Continued

Project	Description	County	Total cost	Labor, man-hours	Department's priority	Annual economic benefits	Remarks
White Oak Reservoir	Recreation and water supply	Brown	3,106,783	121,872	3	$1,500,000	Construction plans needed.
Stonelick State Park development.	Camping area	Clermont	250,000	20,833	1	150,000	Conrtruction plans complete.
Salt Fork Reservoir	Water supply and recreation	Guernsey	2,157,600	206,757	1	4,000,000	Construction plans complete. Includes road relocation and land needed.
Hocking State Park development.	Camping area	Hocking	257,000	21,417	1	100,000	Plans complete.
Hocking and Tar Hollow State Forests.	TSI, roads and trails structures	do	244,215	138,650	1	(1)	
Richland Furnace State Forest.	do	Jackson	426,000	252,000	1	(1)	
Dean State Forest	TSI, roads and trails	Lawrence	48,500	30,000	1	(1)	
Forked Run State Park development.	Camping area	Meigs	70,000	5,833	1	50,000	Do.
	Buildings, roads and parking, reforestation.	do	75,000	6,000	3		
Shade River State Forest	TSI, roads and trails structures	do	94,825	41,370	1	(1)	
Burr Oak State Park Development.	Camping area	Morgan	110,000	9,167	1	75,000	Plans complete.
Wolf Run Reservoir	Water supply and recreation	Noble	577,830	48,153	2	500,000	Need construction plans.
Pike State Forest	TSI, roads and trails structures	Pike	416,800	243,900	1	(1)	
Ross County Lake	Recreation	Ross	400,000	25,000	1	50,000	Feasibility report being completed.
Scioto Trail and Tar Hollow State Forests.	TSI, roads and trails structures	do	526,600	329,300	1	(1)	
Shawnee Recreational Area	Construct 3 impoundments and reconstruct another for recreation.	Scioto	506,933	42,245	2	150,000	Need construction plans.
Shawnee and Brush Creek State Forests.	TSI, roads and trails structures	do	1,322,400	813,900	1	(1)	
Lake Hope State Park development.	Camping area	Vinton	86,000	7,167	1	150,000	Plans complete.
	Cabins, water and sewer, swimming pool, roads and parking.	do	1,300,000	108,000	3	320,000	Estimate of 64,000 annual increase in park attendance.
Wheelabout Reservoir	Recreational impoundment	do	130,000	6,667	2	150,000	Construction plans needed.
Zaleski and Tar Hollow State Forests.	TSI, roads and trails, structures	do	533,343	320,225	1	(1)	
Muskingum River locks and dams.	Repairs to locks and dams 1 to 8, inclusive for recreation and commerce.	Washington	677,870	56,489	1	233,000	Construction plans needed. Preliminary design on No. 6 completed.
	Fishermen's access and boat ramps at 8 lock and dam pools.	do	20,000	2,000	1	48,000	These facilities would accommodate 16,000 fishermen per year.
Total			18,855,645	3,582,369			

[1] The improvement of the timber stands on State forests will not result in immediate financial returns to the community except for the wages paid to local workers; however, ample benefits will be enjoyed in future years. Timber stand improvement includes tree planting, pruning crop trees, thinning dense stands, and removal of cull trees and vines. The increase in value to the remaining stand will result from more rapid growth and higher quality timber. Under Ohio conditions, this improvement will often double the volume of wood produced. The cutting and fabricating of the raw materials will support local industries and attract new users of wood to these dependable sources of supply. Recreational benefits will accrue also. Wild land under intensive forest management produces maximum populations of wildlife.

OHIO

Project cost summary by counties

Adams	136,050
Athens	19,280,700
Belmont	989,630
Brown	114,080
Clermont	61,050
Gallia	7,597,360
Guernsey	3,268,563
Highland	19,080
Hocking	1,460,860
Jackson	19,080
Lawrence	101,360
Meigs	536,360
Monroe	19,080
Morgan	903,360
Noble	229,080
Pike	81,080
Portage	17,517,223
Ross	137,080
Scioto	2,580,360
Vinton	972,050
Washington	557,510
Southeast Ohio	3,823,709
Total	60,404,705

STATE OF MICHIGAN,
Lansing, April 19, 1962.

The Hon. ERNEST GRUENING,
U.S. Senator,
Washington, D.C.

DEAR SENATOR GRUENING: The Senate Public Works Committee's approval of President Kennedy's $2.6-billion public works program to combat unemployment is encouraging. With 268,000 workers, 9.2 percent of our labor force, currently unemployed in our State, we feel the need for this legislation is eminent.

You ask for information concerning Michigan's ability to participate in the $600 million immediate effect provision of the program.

We currently have 53 areas in our State that qualify under this legislation as area redevelopment or eligible labor surplus areas. In an analysis I recently conducted, I found that we are ready to embark upon capital improvement programs totaling $639 million that would provide approximately 60,000 man-years of employment. These figures were developed only from those projects in Michigan that can meet the limitations of the $600-million proposal. They constitute, if anything, an understatement of the volume of activity that could be started in Michigan without delay.

While we have not projected our figures to a period longer than 12 months, it is our belief that the backlog of public works projects that could be initiated at the present time in Michigan would certainly absorb any extension of the time and financial limits of the program.

Concerning the time duration of the project, I urged the House Public Works Committee to grant a flexible time limit for project duration. Due to weather conditions in Michigan, a limit of 12 months would prohibit the initiation of some public works projects that might otherwise qualify.

My statement to the House Committee on Public Works contains a detailed breakdown of the type of projects we could initiate in Michigan. I am enclosing a copy of this statement for your information.

Sincerely,

JOHN B. SWAINSON,
Governor.

STATE OF CONNECTICUT,
Hartford, April 26, 1962.

Hon. ERNEST GRUENING,
Senate Office Building,
Washington, D.C.

DEAR SENATOR GRUENING: The following is a list of public works projects as requested in your telegram of April 18:

Ansonia area:

Ansonia-Derby flood control project	$6,000,000
Street and road reclassification project	250,000
Sewage disposal plant	1,000,000
Additional recreational facilities	100,000
Reconstruction of route 34 in Derby from 3d St. to A St.	200,000
Reconstruction of 0.2 mile of Route 115 and railroad underpass, Maple St. to Broad St., town of Seymour	1,000,000
Reconstruction of 1.5 miles of Route 115 in Derby and Ansonia from Route 34 to Colburn St.	800,000

Bristol area:

City hall (Bristol)	1,630,000
Civic center (Bristol)	450,000
Fire station (Bristol)	250,000
City streets (Bristol)	2,000,000
Sewage treatment plant (Bristol)	2,535,000
Airport (town of Plymouth)	500,000
Industrial park (town of Plymouth)	500,000

Bristol area:	
Construction of truck climbing lane on Route 69, Bristol	$205,000
Widening approximately 1 mile of Route 6, Bristol, in Jerome Ave. vicinity	250,000
Extension of truck climbing lane on Route 6 in Plymouth from end of 1962 construction to vicinity of Todd Hollow Rd	100,000
Correcting sight line on Route 6, in Plymouth, in the vicinity of Orchard and Kellogg Sts	150,000
Danielson (town of Killingly) area:	
Sewer treatment plant and pumping station (Killingly)	800,000
Town dump and incinerator (Killingly and Putnam jointly)	700,000
Downtown renewal project (Killingly)	3,000,000
Town roads drainage and repair (Killingly)	100,000
Sewage facilities and disposal (Plainfield)	500,000
Recreational project	150,000
Correction of sight line on Route 169 1 mile south of Brooklyn Town line	75,000
Reconstruction of 1.2 miles of Route 171 from Thompson Town line to Quinebaug River	400,000
Reconstruction of 2.6 miles of Route 169 in Pomfret and Woodstock from Route 44 to Route 171	700,000
Reconstruction of Maple St., Killingly, from Route 6 to Route 101	375,000
Reconstruction of Route 12 south of Route 6 underpass	200,000
Reconstruction of Route 12 in Putnam and Thompson from 300 feet south of Route 12 to 0.5 mile north of Route 193	4,500,000
Resurfacing of Main St., Killingly	100,000

The estimated cost of the above-listed projects is $28,545,000 including $19,865,000 in local projects and $8,680,000 in State highway department projects.

Sincerely,

JOHN DEMPSEY,
Governor.

STATE OF MARYLAND,
DEPARTMENT OF ECONOMIC DEVELOPMENT,
Annapolis, Md., April 25, 1962.

The HONORABLE ERNEST GRUENING,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR GRUENING: Governor Tawes has asked me to reply to your telegram of April 18 regarding possible public works projects in persistent labor surplus areas of Maryland.

To date we have been able to learn of 23 projects in such areas whose total cost is estimated at approximately $92,590,000. It is estimated that total man-hours would exceed 15,600,000.

The single most expensive project would be the relocation of U.S. Route 40 as a 4-lane highway for a distance of 112 miles from Hancock, Md., to Washington County, Pa. This would traverse five labor surplus counties. The estimated construction cost for the entire highway, exclusive of right-of-way acquisition, is $84,400,000 providing an estimated 15,275,000 man-hours of work.

The most critical Allegany County project is the construction of a new Pinto Bridge and improvement of the road from the bridge to U.S. 220. The existing bridge is wholly inadequate for the movement of employees to and from the Allegany Ballistics Laboratory and efficient delivery of some materials to the plant. The estimated cost for this project is $1 million involving 100,000 man-hours.

There are at least four projects in Washington County including the proposed North-East Highway at a cost of $400,000 and 75,000 man-hours. A new water transmission main from Williamsport to Hagerstown would cost $1,450,000. There is no estimate of the number of man-hours. A project involving sewer system extensions in Hagerstown and other Washington County towns would cost $3,500,000. Again there is no estimate of man-hours. Sewer and water main extensions and highway improvements to a proposed industrial park would cost $670,000. The number of man-hours is unknown at this time. The total cost of these Washington County projects is $6,020,000. Man-hours were computed for only one of the four projects; i.e., 75,000 man-hours.

Seventeen projects for the city of Cambridge in Dorchester County were proposed and a tabulation is enclosed. The total cost is $1,070,000 involving 196,800 man-hours.

We are also endeavoring to uncover other appropriate projects and will forward details next week.

I hope this information will be useful and please wire or phone if additional details are required.

Cordially,

ROBERT M. SPARKS,
Chief, Business and Industrial Development.

City of Cambridge, Md.—List of projects which could be completed in 27 months

No. and name of project	Approximate cost	Approximate labor hours
1. Improvements to Race St	19,000	4,000
2. Streets and utilities, Plaza Park, part 1	18,500	4,000
3. Improvements to Maryland Ave	12,000	3,200
4. Extension of Goodwill Ave	13,500	3,500
5. Streets and utilities, Parkside subdivision	33,000	6,000
6. Sewage pumping station, Stone Boundary Development	20,000	3,800
7. Bozarth Farms area, drainage	33,000	6,000
8. Improvements to sewage system, Jimson Rd	33,000	6,000
9. Repair shop and garage, public works department	9,000	2,400
10. Sewer, storm water separation, Fairmount Ave	70,000	12,000
11. Improvements to Leonards Lane	80,000	14,000
12. Drainage improvements, Dorchester Ave	24,000	4,300
13. Drainage improvements, Phillips Ave., Robbins St	30,000	5,400
14. Sludge disposal units, sewage treatment plant	200,000	40,000
15. Improvements to water distribution system	340,000	58,000
16. Woods road to wire cloth intercepting sewer	100,000	18,000
17. New 1,000,000 gallons per day well	35,000	6,200
Total	1,070,000	196,800

STATE OF ALABAMA,
DEPARTMENT OF INDUSTRIAL RELATIONS,
Montgomery, April 23, 1962.

Hon. ERNEST GRUENING,
Senate Office Building,
Washington, D.C.

DEAR SENATOR GRUENING: At the request of Governor Patterson, I am pleased to furnish the information requested in your telegram of April 18, 1962, regarding emergency public works which might be completed in Alabama in 27 months.

Both the State highway department and the State conservation department, which would be largely responsible for emergency public works, made estimates and plans sometime ago. Engineering has been completed and it is believed all projects could be commenced within 6 months.

The following estimates, in broad categories, cover proposed projects in those areas declared economically depressed:

County roads and bridges	$3,500,000
State highways	8,000,000
Interstate highways	20,000,000
Reforestation, water, and wildlife conservation, State parks, fire control	19,000,000
Total	50,500,000

Man-hours are estimated as:

Highway and roads	3,000,000
Conservation projects	6,000,000
Total	9,000,000

The Governor is in agreement that the suggested authorization would be very inadequate, particularly, if such funds are allocated to the States on the usual pro rata basis.

Sincerely yours,

RALPH R. WILLIAMS,
Director of Industrial Relations.

STATE OF WEST VIRGINIA,
Charleston, May 3, 1962.

Hon. ERNEST GRUENING,
U.S. Senate,
Washington, D.C.

DEAR SENATOR GRUENING: This will acknowledge receipt of your telegram of April 18, 1962, concerning proposed public works projects in West Virginia.

I would first like to inform you of the situation with regard to public works projects in West Virginia and to give you some information relative to specific projects which could be accomplished under the proposed program.

At the present time, the State of West Virginia has a public works program based on the aid to dependent children of the unemployed program. We have elected to participate in this program with a stipulation that each recipient who receives assistance will work for that assistance. As of March 30, 12,600 men were employed under this program. As you know, this program is financed by both the Federal and State government on a matching basis, the State paying 30 percent of the cost and the Federal Government paying 70 percent.

One shortcoming of this program is that only individuals who are married with dependent children qualify. No employment is made available under this program for individuals who are not married or individuals who are married and have no children or whose children are grown.

Three million dollars in State funds have been appropriated for the coming fiscal year for emergency employment. I may, as chief executive, use these funds to match any Federal funds which may become available for the relief of unemployment. This, of course, means that should the aid to dependent children of the unemployed program be continued at the Federal level, these funds may be used for participation in that program.

It is my understanding that the public works plan proposed by President Kennedy will make Federal money available to various State and local governmental units on a 50–50 matching basis. I would like to strongly urge that consideration be given to a more favorable matching ratio in favor of State and local governments.

A program with a 90-percent Federal, 10-percent State matching ratio would provide employment for approximately 7,000 to 12,000 persons. As only $3 million are available in State funds for matching purposes, a 50–50 matching ratio would only provide

employment for 1,500 to 2,400 persons. These figures assume expenditures for material and equipment of 20 percent to 50 percent.

Enclosed you will find proposed projects from our State department of natural resources and from our State road commission. I would like to emphasize that these projects are only a sample of those projects which can be undertaken and completed within 27 months under this program and which would qualify under the rules and regulations of such program. It is anticipated that many projects at the community level, both county and municipal, would be submitted for accomplishment.

Again let me express my desire that Federal money be made available at less cost to the States.

I sincerely hope that this information meets your needs and that you will give every consideration possible to the suggestions which I have outlined. If I may assist you in any way or provide any additional information, do not hesitate to contact me at any time.

Yours truly,

W. W. BARRON,
Governor.

STATE OF HAWAII,
Honolulu, May 2, 1962.

The Honorable ERNEST GRUENING,
Senator from Alaska,
Senate Office Building,
Washington, D.C.

DEAR SENATOR GRUENING: This is in reply to your recent cablegram wherein you requested information on public works projects which could be completed during the next 27 months in our economically distressed area (Hawaii County). The attached tabulation gives information on gross construction costs by major types of functions and the estimated number of man-hours needed to complete the projects. These represent projects which are currently authorized or those for which authorization begins on July 1, 1962, for the new fiscal year. It is estimated that all of these will be completed during the 27-month time period you cited.

I have not seen a copy of the proposed emergency public works bill. Hence, it is not possible to say if all projects included in this tabulation would be eligible for financial assistance. As you know, highways and airports now receive Federal grants. Perhaps these projects would not be eligible for further aid. It would also be of value to know if such financial assistance would be in the form of interest-free loans or grants. The mechanics of the proposed bill may affect an area's willingness to participate in the program.

Hawaii's public works program for the coming fiscal year is the largest in our history. Part of the reason for this scale of State public works is to stabilize our employment situation. However, all of us recognize that public works construction alone will not solve our Nation's unemployment problem. Increased public works construction is only one tool of many that must be utilized to spur the growth of our economy. The Area Redevelopment Act and the program of retraining unemployed persons are examples of other actions that will help. Some areas will continue to suffer chronic unemployment until new economic activities are introduced. The private sector of the Nation's economy must maintain a vigorous growth if public efforts to solve unemployment are to be successful. Thus, any public works program should be accompanied by vigorous efforts to encourage and promote increased employment through new permanent job opportunities.

I hope this provides you with the information you need. However, if I can be of further assistance, please let me know.

Sincerely,

WILLIAM F. QUINN,
Governor of Hawaii.

Authorized State public works located in economically distressed areas of the State of Hawaii (Hawaii County only)

I. Public works division (miscellaneous public buildings and the State's share of a sewage treatment plant):	
(a) Estimated construction costs	$1,351,412
(b) Estimated man-hours of work	122,184
II. Airports division:	
(a) Estimated construction costs	$3,500,000
(b) Estimated man-hours of work	320,000
III. Harbors division:	
(a) Estimated construction costs	$3,855,000
(b) Estimated man-hours of work	617,000
IV. Highways division:	
(a) Estimated construction costs	$14,427,500
(b) Estimated man-hours of work	1,978,000
V. Land and natural resources department (land development, parks, water development, forestry, fish and game):	
(a) Estimated construction costs	$978,000
(b) Estimated man-hours of work	136,500
Total estimated contion costs	$24,111,912
Total estimated man-hours of work	3,173,684

THE FARMER AND THE PRESIDENT'S HEALTH PROGRAM

Mr. McNAMARA. Mr. President, I hope and expect that in a very few weeks the House and the Senate will be considering the King-Anderson bill and related legislation calling for a Federal program of hospital insurance for America's older people.

For months, now, we have heard discussion of it. Press, radio, and television have devoted much attention to it. The public has argued its pros and cons.

Yet, throughout all this discussion, one most important facet of the problem seems to have gone wholly unnoticed. It is simply this.

Rural America needs Federal hospital insurance even more than does urban America. Passage of the King-Anderson bill will mean even more to farmers—young as well as old—than it will to city people. Whereas legislators identified with great metropolitan centers have been foremost in advocating this legislation, it is those Representatives and Senators whose constituency is primarily rural who should be asserting leadership in this great cause. It is their constituents who need it most, who would benefit most from it, and who will suffer most should it fail to pass.

Why do I say this, Mr. President?

Briefly stated, it is because of what the subcommittees of our Special Committee on Aging found in recent months as they conducted hearings, not in our great cities only, but throughout the length and breadth of our country and especially in its smaller communities. These things we found. Ten good reasons for rural America's demanding hospital insurance for its older people.

First, the percentage of older people is higher in much of rural America than it is in our cities. And this percentage is increasing. Already more than 5 million, nearly one-third, of our elderly live on farms or in small towns. In many rural towns they make up close to one-fifth of the population. And as the young leave and the elderly stay or return, the ability of the local community to support the elderly is more and more impaired.

Secondly, cash incomes are lower in rural areas. Average cash incomes are less than half those of urban areas. And modern hospitals cannot accept barter as payment for hospital bills.

Moreover, cash assets on which to draw in an emergency are relatively low for farm families who have their savings tied up in farms and equipment.

Another reason is found in the fact that elderly farm families suffer more disabling and longer lasting illnesses than do elderly townfolk yet, under today's system, they get less care.

A fifth reason is that, while private health insurance is altogether inadequate for most older city folk, farmers have even less; it is of poorer quality: it costs more; it pays less of the bill.

Sixth, our older farm families spend an even higher percentage of their low incomes for medical expenses than do city people.

Seventh, younger farm families are at a serious disadvantage in paying for health care of their older people, either directly or through taxes.

Eighth, rural hospitals are in even greater need of the assured income which a Federal plan would provide than are city hospitals and they need it badly.

The ninth reason is that the Kerr-Mills Act as a substitute for a Federal insurance program is even less successful and far more burdensome for farm people than for those in our cities. About half of our 5 million older farm people live in States than cannot afford or do not have a Kerr-Mills program of Medical Assistance for the Aged, even though they are required to pay Federal taxes for it. Eighty-eight percent of all Kerr-Mills funds are now being spent in four great metropolitan States—New York, Massachusetts, Michigan, and California—where fewer than 14 percent of our rural aged live.

Finally, the means test incident to a charity program—repugnant as it is to most city people—also is distateful to proud and independent farm folk. The reason is that in the city, the man forced to plead poverty and beg help for himself or his aged wife, can take refuge in anonymity, can merge his identity with that of hundreds of others in an office removed from his home and neighbors and before a social worker who is a

stranger to him and his. In a rural community, such a confession of failure and need must be made before one's neighbors and friends. It is truly a most shameful and humiliating burden to ask a farmer and his wife to take on in their declining years.

Those, Mr. President, are the reasons—10 excellent reasons—why the farmers of our country, more than anyone else, need a program of hospital insurance for the elderly. They are many, they are cogent, they are persuasive. I have merely set them forth. I shall explain each of them further in a moment. Let it suffice, at this point, to say that when, a few years ago, we visited and studied the problems of our country's older people in such cities as Boston, San Francisco, Miami, and Detroit, we came away convinced that the greatest need of our older people was for a means of lifting from their minds the fear of the costs of illness. We were convinced, too, that this could be done only through a plan which would be uniform throughout the Nation; which would not impose new burdens on local tax resources; which would preserve the dignity, the justified and essential pride of Americans in their last years of life.

What we found in our cities then, was again found during the last year in our rural areas and our smaller communities. The problems were the same. They were different only in emphasis and in intensity. Our cities need a program of hospital insurance for their older people. Our rural areas need it even more. To the retired city worker, such a program will mean much. To the retired farmer it will mean still more.

Originally, social security was framed in terms of the urban worker. It is not strange, therefore, that its logical extension to meet a great new need should have been championed first by men of the cities. But social security was extended to the rural areas. It has proved a boon to the farmer. Its extension to help defray the costs of hospitalization for our older people will prove of great benefit to rural America. I urge those who, in these halls, have stood forth as the champions of the farmer to make common cause with those from our cities in behalf of a bill which is needed for all of our people.

Mr. President, I ask unanimous consent to have set forth as an appendix to these remarks, a table which makes clear the truly significant extent to which our social security program has already reached into our most rural States—clear proof of the importance to our rural aged population of the proposed extension of the social security program. I ask consent also, to include a more definitive explanation of the 10 points I made above—the 10 reasons why our hospital insurance program will be good for rural America.

There being no objection, the explanation and table were ordered to be printed in the RECORD, as follows:

THE IMPORTANCE OF SOCIAL SECURITY HOSPITAL INSURANCE TO RURAL AMERICA

OUR RURAL POPULATION IS OLD

Of the total population in rural areas, 9.3 percent were 65 and older at the time of the 1960 census—only a slightly higher proportion than the urban percentage of 9.2. But in rural places of 1,000 to 2,500, the aged made up as much as 12.2 percent of the total population; in many of these small towns, 1 out of 5 persons is past 65.

More than 1⅓ million of the rural aged live on farms. While the farm population of all ages is rapidly declining, there has been an increase in the number of aged classified as living on farms. Estimates for April of 1960 and 1961 show a drastic decline of nearly 1 million in the farm population (from 15.7 million to 14.8 million). Over the same year, the farm population aged 65 and older rose by more than 40,000 (from 1,326,000 to 1,369,000). In a single year, the aged as a percent of the total farm population increased from 8.5 percent to 9.2 percent.

INCOMES ARE LOWER IN RURAL AREAS

The average money income of farm families is less than half that of urban families.

Among the aged, the rural-urban difference is less great—due in part to increasing importance of social security retirement benefits. But even among those 65 and over, the median money income in 1960 for persons living in rural farm areas was only $740, more than $200 less than that for all persons 65 and over. Among income recipients, the medians were $895 for the rural farm group and $1,150 for all aged.

In the course of our Senate hearings, we were repeatedly reminded that national averages with regard to retirement income can be very misleading as far as the incomes of the rural aged are concerned.

The findings of an intensive study on the resources and income levels of farm and nonfarm households in 10 rural counties in the Eastern Ozarks section of Missouri were reported to the Committee. In those farm households where the principal breadwinner was 65 years or older, 45 percent had annual family incomes of less than $1,000, and 82 percent had incomes of less than $2,000. For the rural nonfarm households whose heads were 65 years of age or older, 29 percent had incomes of less than $1,800 and 93 percent had less than $2,000. In rural Florida, the situation is even more acute, the committee learned, with about 66 percent of retired families receiving less than $1,000 and 93 percent receiving less than $2,000 a year in income. These retirement income figures contrast sharply with the median income of $2,530 for all two-person families with an aged head.

Rural families can be expected to have more noncash income than urban families. Home-ownership is high in rural areas and there is more opportunity to grow food for home consumption. Increasingly, however, even the farmers are producing less of their own food and depending more on purchases than they used to. And it must be remembered that in today's economy these items of nonmoney income are not acceptable in payment of hospital bills.

ASSETS ARE LOW

Nearly half of all rural families—young and old combined—own less than $5,000 in total assets, including the value of home-ownership. Agricultural workers and others living in rural areas have difficulty in accumulating assets over a lifetime characterized by low incomes. On retirement, farm families are likely to have a good part of their assets tied up in the farm and in farm operations.

MEDICAL EXPENDITURES CLAIM MORE OF THEIR RETIREMENT DOLLARS

Farm families with an aged head spent 13 percent of net family income in 1955 for medical expenses—over and above any costs defrayed by health insurance—for physicians, dentists, surgeons, hospital care and medical insurance premiums. This level of spending makes serious inroads into the resources available for other essentials which families must buy, even when some of their food and housing is farm furnished. The average aged farm family with net cash for the year of less than $1,000 spent as much as 20 percent of its income for the medical items listed (items which on the average accounts for two-thirds of the total medical care dollar).

Expenditures for medical insurance averaged $76 for older farm families, in comparison to $62 (in 1955 dollars) for older urban families, reflecting the lesser availability to farm families of group or group-conversion insurance, so that they must pay the higher cost of policies issued on an individual enrollment basis.

THEY HAVE MORE DISABILITY BUT LESS MEDICAL CARE

Nearly half (48 percent) of all aged persons residing in rural areas have chronic conditions which limit their activity. Among the urban aged the proportion is 39 percent.

Bed disability days per person per year average 17.0 for the rural farm aged in contrast to 11.8 for the urban.

Yet the rural group receives less medical attention: an average of 6.4 physicians' visits per person per year as compared to 6.9 for the urban. Use of hospitals by the rural farm group was also lower. The National Health Survey study of discharges from short-term hospitals yields an average of 192 days for every 100 aged in urban areas, some 40 percent above the average of 136 days per hundred for the rural farm aged.

THEY HAVE LESS PROTECTION THROUGH HEALTH INSURANCE

According to the National Health Survey, only 28 percent of the aged in rural farm areas had hospital insurance in 1959, in comparison to 41 percent in rural nonfarm areas and 51 percent in urban areas.

Among the urban aged, most of the insurance was with the nonprofit Blue Cross and Blue Shield plans. But among those in rural areas, where community and group enrollment is not usually available, the bulk of the insurance was on a commercial basis, indicating that much of it was through individual policies with high costs, poor benefits, or both.

The insurance carried by the rural aged meets a smaller part of the hospital bill than in the case of the urban aged. Based on a National Health Survey study of discharges from short-stay hospitals from July 1958 to June 1960, only 33 percent of the rural farm aged, but as many as 57 percent of the urban had some part of the hospital bill paid by insurance. Of those where insurance paid part of the bill, the fraction paid was less than three-fourths in 40 percent of the urban discharges and in 47 percent of the rural farm discharges.

A recent North Carolina survey of retired farmers found that almost three-fourths of them had no health insurance coverage; of those not covered, close to half said it was because of the high cost.

THE SIGNIFICANCE FOR YOUNGER FAMILIES AND FOR THE RURAL ECONOMY

That the aged in rural areas have much to gain from the President's proposal is obvious from these basic facts about their health and economic status.

What then would the proposal mean to our younger farm families and to the rural economy in general?

The relatively low income position of families in rural areas means that they are at a serious disadvantage in helping to finance the medical costs of the older population, either as children of aged parents or, as taxpayers, for older people living in the community. Rural workers are already heavily burdened with health costs which claim a relatively large proportion of their family expenditures.

And, in lieu thereof, to insert:

SEC. 15. (a) The accounts of the corporation shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audit shall be conducted at the place or places where the accounts of the corporation are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the corporation and necessary to facilitate the audit shall be made available to the person or persons conducting the audit; and full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians shall be afforded to such person or persons.

(b) A report of such independent audit shall be submitted to the Congress not later than six months following the close of the fiscal year for which the audit was made. The report shall set forth the scope of the audit and include such statements as are necessary to present fairly the corporation's assets and liabilities, surplus or deficit with an analysis of the changes therein during the year, sources and application of funds, and the financial results of any trading, manufacturing, publishing, or other commercial-type endeavor carried on by the corporation, together with the independent auditor's opinion of those statements. Such report shall not be printed as a public document.

On page 11, line 15, after "Sec. 16.", to strike out "On or before March 1 of each year" and insert "Not later than six months following the close of the fiscal year", and on page 12, after line 12, to strike out:

SEC. 19. Upon dissolution or final liquidation of the corporation, after discharge or satisfaction of all outstanding obligations and liabilities, the remaining assets, if any, of the corporation, shall be distributed in accordance with the determination of the council of administration and in compliance with the constitution and bylaws of the corporation, and all Federal and State laws applicable thereto.

And, in lieu thereof, to insert:

SEC. 19. Upon any dissolution or final liquidation of the corporation, its assets shall be applied and distributed as follows:

(a) All liabilities and obligations of the corporation shall be paid, satisfied, and discharged, or adequate provision shall be made therefor;

(b) Assets held by the corporation upon condition requiring return, transfer or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements;

(c) Assets received and held by the corporation subject to limitations permitting their use only for charitable, religious, eleemosynary, benevolent, educational, or similar purposes, but not held upon a condition requiring return, transfer or conveyance by reason of the dissolution, shall be transferred or conveyed to one or more domestic or foreign corporations, societies, or organizations engaged in activities of a charitable, religious, eleemosynary, benevolent, educational, or similar purpose, pursuant to a plan of distribution adopted as provided in this Act;

(d) Other assets, if any, shall be distributed in accordance with the provisions of the articles of incorporation or the bylaws to the extent that the articles of incorporation or bylaws determine the distributive rights of members, or any class or classes of members, or provide for distribution to others;

(e) Any remaining assets may be distributed to such persons, societies, organizations or domestic or foreign corporations engaged in activities not for profit, as may be specified in a plan of distribution adopted by the council of administration of the corportation in compliance with the constitution and bylaws of the corporation and all Federal, State, and District of Columbia laws applicable thereto.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following persons, to wit:

President: Mabel R. Ginder, Toledo, Ohio;

Senior vice president: Jessie Johnston, Cheyenne, Wyoming;

Junior vice president: Irene Randolph, Minneapolis, Minnesota;

Secretary: Bessie K. Coughlin, Providence, Rhode Island;

Treasurer: Ocie M. Tumey, Springfield, Illinois, executive officers;

Legislative committee: Laura I. Smith, chairman, 16 Temple Street, Providence, Rhode Island; Ethel Ferris Hasenbuhler, Washington, District of Columbia; and Marie Morgan, Indianapolis, Indiana;

Past national presidents: Cora M. Davis, Nehalem, Oregon; Catherine McBride Hoster, Indianapolis, Indiana; Annie Poole Atwood, Wollaston, Massachusetts; Beatrice J. Tyson, DeBary, Florida; Lizetta Coady, Detroit, Michigan; Mary J. Love, Louisville, Kentucky; Ida Heacock Baker, Parsons, Kansas; Elizabeth L. Kothe, Parkersburg, Iowa: Grace Houlette Hahn, Miami, Florida; Louise Haider, Santa Barbara, California; Anne Anschutz, Saint Louis, Missouri; Laura I. Smith, Providence, Rhode Island; Alice F. Larson, Minot, North Dakota; Grayce L. Vedetta, Brooklyn, New York; Harriette G. McCollough, Des Moines, Iowa; Eula M. Nelson, Springfield, Illinois; Daisy Heinemann, Milwaukee, Wisconsin; Grace L. Johnson, Toledo, Ohio; Ruth E. Johnson, Bellflower, California; Lucille V. Rand, Worcester, Massachusetts; Gertrude M. Edwards, Iroquois, South Dakota; Bessie K. Coughlin, Providence, Rhode Island; Elizabeth Jeans, Saint Louis, Missouri; and Josephine E. Parkhurst, Pulaski, New York, and their successors, are hereby created and declared to be a body corporate of the District of Columbia, where its legal domicile shall be, by the name of the National Women's Relief Corps, Auxiliary to the Grand Army of the Republic (hereinafter referred to as the corporation), and by such name shall be known and have perpetual succession and the powers, limitations and restrictions herein contained. It shall be the duty of the persons named in this section, jointly and severally, to file with the Superintendent of Corporations of the District of Columbia a copy of this Act within fifteen days after the date of its enactment.

SEC. 2. A majority of the persons named in the first section of this Act, acting in person or by written proxy, are authorized to complete the organization of the corporation by the selection of officers, the adoption of a constitution and bylaws not inconsistent with this Act, and the doing of such other acts as may be necessary for such purpose.

SEC. 3. The purposes of the corporation shall be: To perpetuate the memory of the Grand Army of the Republic, as we the National Women's Relief Corps are their auxiliary and were organized at their request in 1883, and of men who saved the Union in 1861 to 1865; to assist in every practicable way in the preservation and making available for research of documents and records pertaining to the Grand Army of the Republic and its members; to cooperate in doing honor to all those who have patriotically served our country in any way; to teach patriotism and the duties of citizenship, the true history of our country, and the love and honor of our flag; to oppose every tendency or movement that would weaken loyalty to, or make for the destruction or impairment of, our constitutional Union; and to inculcate and broadly sustain the American principles of representative government, of equal rights, and of impartial justice for all.

SEC. 4. The corporation shall have power—

(1) to have succession by its corporate name;

(2) to sue and be sued, complain and defend in any court of competent jurisdiction;

(3) to adopt, use, and alter a corporate seal;

(4) to choose such officers, as the corporation may require;

(5) to adopt, amend, and alter a constitution and bylaws; not inconsistent with the laws of the United States or any State in which the corporation is to operate, for the management of its property and the regulation of its affairs;

(6) to contract and be contracted with;

(7) to take by lease, gift, purchase, grants, devise, or bequest from any public body or agency or any private corporation, association, partnership, firm, or individual and to hold absolutely or in trust for any of the purposes of the corporation any property, real, personal, or mixed, necessary or convenient for attaining the objects and carrying into effect the purposes of the corporation, subject, however, to applicable provisions of law of any State, (A) governing the amount or kind of property which may be held by, or (B) otherwise limiting or controlling the ownership of property by, a corporation operating in such State; and

(8) to transfer, convey, lease, sublease, encumber, and otherwise alienate real, personal, or mixed property.

SEC. 5. Eligibility for membership in the corporation and the rights, privileges, and designation of classes of members shall, except as provided in this Act, be determined as the constitution and bylaws of the corporation may provide. Eligibility for membership in the corporation shall be women, who are the wives, mothers, daughters, and sisters of Union soldiers, sailors, and marines and other loyal women, who have not given aid or comfort to the enemies of the United States of America.

SEC. 6. The supreme governing authority of the corporation shall be the national convention thereof, composed of such officers and elected representatives from the several States as shall be provided by the rules and regulations: *Provided,* That the form of the government of the corporation shall always be representative of the membership at large and shall not permit the concentration of the control thereof in the hands of a limited number of members or in a self-perpetuating group not so representative. The meetings of the national convention may be held in any State or in the District of Columbia.

SEC. 7. (a) During the intervals between the national convention the executive officers shall be the governing board of the corporation and shall be held responsible for the general policies, program, and activities of the corporation.

(b) Upon the enactment of this Act the membership of the initial executive officers of the corporation shall consist of the executive officers of the National Woman's Relief Corps, Auxiliary to the Grand Army of the Republic, the corporation described in section 18 of this Act, or such of them as may then be living and are qualified members of said executive officers, to wit: Mabel R. Ginder, Jessie Johnston, Irene Randolph, Bessie K. Coughlin, Ocie M. Tumey, Mary J. Love, Laura I. Smith, Ethel Ferris Hasenbuhler, and Marie Morgan.

(c) Thereafter, the council of administration of the corporation shall consist of not less than seven members elected in the manner and for the term as may be prescribed in the constitution and bylaws of the corporation.

SEC. 8. The officers of the corporation shall be a national president, senior vice national president, junior vice national president, secretary and treasurer (which latter two offices may be held by one person), and such other officers as may be prescribed in the constitution and bylaws. The officers of the corporation shall be elected in such manner and for such terms and with such duties and titles as may be prescribed in the constitution and bylaws of the corporation.

SEC. 9. (a) The principal office of the corporation shall be located in Springfield, Illinois, but the activities of the corporation shall not be confined to that place, but may be conducted throughout the various States, and the District of Columbia, of the United States.

(b) The corporation shall have in the District of Columbia at all times a designated agent authorized to accept service of process, notice, or demand for the corporation, and service of such process, notice or demand required or permitted by law to be served upon the corporation may be served upon such agent. The corporation shall file with the Superintendent of Corporations of the District of Columbia a statement designating the initial and each successor registered agent of the corporation immediately following any such designation. As used in this Act the term "Superintendent of Corporations of the District of Columbia" means the Commissioners of the District of Columbia or any agent designated by them to perform the functions vested by this Act in the Superintendent of Corporations.

SEC. 10. (a). No part of the income or assets of the corporation shall inure to any of its members or officers as such, or be distributable to any of them, during the life of the corporation or upon its dissolution or final liquidation. Nothing in this subjection, however, shall be construed to prevent the payment of reasonable compensation to officers of the corporation or reimbursement for actual necessary expenses in amounts approved by the council of administration of the corporation.

(b) The corporation shall not make loans to the officers. Any member of the council of administration, who votes for or assents to the making of a loan or advance to an officer or member of the corporation, and any officer who participates in the making of such a loan or advance, shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof.

SEC. 11. The corporation and its officers and agents as such shall not contribute to or otherwise support or assist any political party or candidate for public office.

SEC. 12. The corporation shall be liable for the acts of its officers and agents when acting within the scope of their authority.

SEC. 13. The corporation shall have no power to issue any shares of stock or to declare or pay any dividends.

SEC. 14. The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its national convention. All books and records of the corporation may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time.

SEC. 15. (a) The accounts of the corporation shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audit shall be conducted at the place or places where the accounts of the corporation are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the corporation and necessary to facilitate the audit shall be made available to the person or persons conducting the audit; and full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians shall be afforded to such person or persons.

(b) A report of such independent audit shall be submitted to the Congress not later than six months following the close of the fiscal year for which the audit was made. The report shall set forth the scope of the audit and include such statements as are necessary to present fairly the corporation's assets and liabilities, surplus or deficit with an analysis of the changes therein during the year, sources and application of funds, and the financial results of any trading, manufacturing, publishing, or other commercial-type endeavor carried on by the corporation, together with the independent auditor's opinion of those statements. Such report shall not be printed as a public document.

SEC. 16. Not later than six months following the close of the fiscal year the corporation shall report to the Congress on its activities during the preceding fiscal year. Such report may consist of a report on the proceedings of the national convention covering such fiscal year. Such report shall not be printed as a public document.

SEC. 17. The corporation and its subordinate corps shall have the sole and exclusive right to use the name, the National Women's Relief Corps, Auxiliary to the Grand Army of the Republic. The corporation shall have the exclusive and sole right to use, or to allow or refuse the use of, such emblems, seals, and badges as have heretofore been used by the Illinois corporation described in section 18 and the right to which may be lawfully transferred to the corporation.

SEC. 18. The corporation may acquire the assets of the National Woman's Relief Corps, Auxiliary to the Grand Army of the Republic, a corporation organized under the laws of the State of Illinois, upon discharging or satisfactorily providing for the payment and discharge of all the liability of such corporation and upon complying with all laws of the State of Illinois applicable thereto.

SEC. 19. Upon any dissolution or final liquidation of the corporation, its assets shall be applied and distributed as follows:

(a) All liabilities and obligations of the corporation shall be paid, satisfied, and discharged, or adequate provision shall be made therefor;

(b) Assets held by the corporation upon condition requiring return, transfer or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements;

(c) Assets received and held by the corporation subject to limitations permitting their use only for charitable, religious, eleemosynary, benevolent, educational, or similar purposes, but not held upon a condition requiring return, transfer or conveyance by reason of the dissolution, shall be transferred or conveyed to one or more domestic or foreign corporations, societies, or organizations, engaged in activities of a charitable religious, eleemosynary, benevolent, educational, or similar purpose, pursuant to a plan of distribution adopted as provided in this Act;

(d) Other assets, if any, shall be distributed in accordance with the provisions of the articles of incorporation or the bylaws to the extent that the articles of incorporation or bylaws determine the distributive rights of members, or any class or classes of members, or provide for distribution to others;

(e) Any remaining assets may be distributed to such persons, societies, organizations or domestic or foreign corporations engaged in activities not for profit, as may be specified in a plan of distribution adopted by the council of administration of the corporation in compliance with the constitution and bylaws of the corporation and all Federal, State, and District of Columbia laws applicable thereto.

SEC. 20. The right to alter, amend, or repeal this Act is expressly reserved.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (H.R. 6967) to provide for the incorporation of certain nonprofit corporations in the District of Columbia, and for other purposes, was announced as next in order.

Mr. ENGLE. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies was announced as next in order.

Mr. ENGLE. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

AUTHORITY FOR SECRETARY OF THE NAVY TO ADMIT CERTAIN CITIZENS OF BELGIUM TO U.S. NAVAL ACADEMY

The resolution (S.J. Res. 175) authorizing the Secretary of the Navy to receive for instruction at the U.S. Naval Academy at Annapolis, two citizens and subjects of the Kingdom of Belgium was considered and agreed to, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Navy is authorized to permit, within eighteen months after date of enactment of this joint resolution, two persons, citizens and subjects of the Kingdom of Belgium, to be admitted for instruction at the United States Naval Academy at Annapolis, Maryland; but the United States shall not be subject to any expense on account of such instruction.

SEC. 2. Except as may be otherwise determined by the Secretary of the Navy such persons shall, as a condition to receiving instruction under the provisions of this joint resolution, agree to be subject to the same rules and regulations governing admission, attendance, discipline, resignation, discharge, dismissal, and graduation, as midshipmen at the United States Naval Academy appointed from the United States; but they shall not be entitled to appointment to any office or position in the United States Navy by reason of their graduation from the United States Naval Academy.

SEC. 3. Nothing in this joint resolution shall be construed to subject such persons to the provisions of section 6959 of title 10 of the United States Code.

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

Issued May 23, 1962
For actions of May 22, 1962
87th-2d, No. 81

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HIGHLIGHTS: Senate debated farm bill. Senate committee voted to report foreign aid bill. House Rules Committee cleared bill to revise school lunch fund apportionment formula. Rep. Findley criticized wheat and feed grains provisions of farm bill.

SENATE

1. FARM PROGRAM. Continued debate on S. 3225, the farm bill (pp. 8260-72, 8276-86, 8289-98). Agreed to a unanimous-consent agreement by Sen. Mansfield that on Thurs., May 24, a vote shall be taken on the Ellender wheat amendment at 2 p.m., and a vote shall be taken on the Ellender feed grain amendment two hours later (pp. 8295-6).

   Sens. Eastland, McCarthy (for himself and Sens. Humphrey and Metcalf), and Proxmire submitted amendments intended to be proposed to this bill, S. 3225. p. 8244

   Sen. Miller inserted a newspaper editorial, "Truman's Farm Views," critical of a recent remark of former President Truman about farmers being "the biggest yellers in the country." p. 8297

2. SURPLUS FOOD. Sens. Mundt, Humphrey, Carlson, Javits, and Keating discussed the plight of refugees fleeing from Red China to Hong Kong and urged the use of U. S. surplus foods to aid these refugees. pp. 8253-6, 8272-3

   Sen. Humphrey referred to an article concerning famine-stricken villages in Dahomey, West Africa, and commended the food-for-peace program in sending food supplies to help relieve the situation. p. 8299

3. FOREIGN AID. The "Daily Digest" states that the Foreign Relations Committee "by a vote of 14 to 3, ordered favorably reported with amendments S. 2996, proposed Foreign Assistance Act of 1962 ... the committee cut funds for supporting assistance by $50 million so that this fund now would provide $400 million. p. D393

4. EXPORTS. The Banking and Currency Committee voted to report (but did not actually report) with amendment S. 3161, to repeal Sec. 12 of the Export Control Act of 1949 so as to provide for continuation of the authority for regulation of exports. p. D393

5. SMALL BUSINESS. The Banking and Currency Committee voted to report (but did not actually report) with amendment S. 2970, to amend the Small Business Act so as to provide for the establishment of a revolving fund to finance certain functions of the Small Business Administration. p. D393

6. DAIRY INDUSTRY. Sen. McCarthy criticized the use of health requirements to restrict the interstate movement of milk and inserted a Minn. State Board of Health resolution opposing the use of such requirements and favoring enactment of S. 212, the proposed National Milk Sanitation Act. pp. 8246-7

Sen. Wiley stated "that the solution to the milk problem is to be found" in greater consumption, more adequate distribution, and expanded research to find industrial uses for dairy products. p. 4247

7. LOANS. The Banking and Currency Committee reported with amendment S. 3327, to make certain federally impacted areas eligible for assistance under the public facility loan program (S. Rept. 1519). p. 8243

8. PUBLIC WORKS. Sen. Gruening stated his intention to propose an amendment to S. 2965, the proposed public works acceleration bill, to increase the amounts authorized to be appropriated for an amergency program of public works, and inserted replies he had received from certain States on the need for additional public works projects. pp. 8286-9

9. EDUCATION; CULTURAL EXCHANGE. Both Houses received from the State Department a report on the educational and cultural exchange program for the fiscal year 1961. pp. 8240, 8243

HOUSE

10. SCHOOL LUNCH. The Rules Committee reported a resolution for the consideration of H. R. 11665, to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act. pp. 8222, 8240

The Committee report states that the bill makes the following changes in the National School Lunch Act:

"The formula for apportionment of cash assistance funds among the States is based upon number of type A lunches served in the preceding year, including those served without milk as a beverage, and the assistance need rate for the State. Under existing law, funds are apportioned on the basis of total school-age population. During the fiscal year beginning July 1, 1962, one-half of the cash assistance funds will be distributed under existing law and one-half under the new formula.

"A special assistance fund is authorized to assist schools drawing attendance from areas in which poor economic conditions exist and which are not financially able, with the basic assistance provided under the act, to

fact, all charges merely in order to handle the various commodities which that Corporation has on hand at the present time. For the fiscal year 1961, the total cost—which includes transportation, storage, interest and other carrying charges—is $1,154 million; and 78 percent of that huge cost is attributable to wheat, corn, and other feed grains.

No matter what analysis is made, the plain fact is that the programs for the feed grains and for wheat have been extremely costly.

Price support losses for corn alone since the beginning of the program amount to $2,188,789,461. For wheat $1,798,261,275 is the amount of price support losses, $557,837,104 for export subsidies because the domestic price is higher than the world price, and if I remember correctly, over a billion dollars for export subsidies under the International Wheat Agreement.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point a tabulation showing carrying charges, including storage, handling, transportation and interest costs on Commodity Credit Corporation stocks for the fiscal year 1961.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Commodity Credit Corporation carrying charges, reseal loan payments, and imputed interest, fiscal year 1961

[In millions of dollars]

Item	Transportation cost	Storage handling cost	Other carrying charges	Total carrying charges	Imputed interest [1]	Total carrying charges and interest	Reseal loan payments	Total carrying charges, interest, and reseal payments	Allocation of loan collateral settlements to— Storage and handling	Allocation of loan collateral settlements to— Reseal loan payments	Adjusted total, carrying charges, interest, and reseal loan payments
Basic commodities:											
Corn	$28.1	$149.0		$177.1	$108.5	$285.6	$53.1	$338.7	$3.2	$8.6	$350.5
Cornmeal	(2)	(2)		(2)	.8	.8		.8			.8
Cotton, extra long staple	(2)	.3		.3	.6	.9		.9			.9
Cotton, upland	.3	22.6		22.9	36.1	59.0		59.0			59.0
Peanuts, farmers' stock	.1	1.4	$1.5	3.0	.3	3.3		3.3			3.3
Peanuts, shelled	.4	1.1	1.7	3.2	.8	4.0		4.0			4.0
Peanut butter					.3	.3		.3			.3
Rice, milled	1.0	.5		1.5	1.9	3.4		3.4			3.4
Rice, rough	.3	1.9		2.2	.8	3.0		3.0			3.0
Tobacco					13.4	13.4		13.4			13.4
Wheat	92.9	176.4	(2)	269.3	112.6	381.9	14.3	396.2			396.2
Wheat flour	(2)	(2)		(2)	3.2	3.2		3.2			3.2
Total, basic	123.1	353.2	3.2	479.5	279.3	758.8	67.4	826.2	3.2	8.6	838.0
Mandatory nonbasic:											
Butter	1.0	2.3	1.8	5.1	3.6	8.7		8.7			8.7
Cheese	.1	.1	.2	.4	.3	.7		.7			.7
Milk, nonfat dry	6.8	2.0		8.8	1.8	10.6		10.6			10.6
Milk, fluid					1.0	1.0		1.0			1.0
Subtotal, dairy products	7.9	4.4	2.0	14.3	6.7	21.0		21.0			21.0
Honey		(2)		(2)	(2)	(2)		(2)			(2)
Barley	6.8	9.6		16.4	4.3	20.7	6.4	27.1			27.1
Oats	.8	1.3	.7	2.8	1.1	3.9	4.1	8.0			8.0
Rye	.9	.7		1.6	.4	2.0	(2)	2.0			2.0
Sorghums, grain	17.2	88.9		106.1	33.5	139.6	3.1	142.7	3.5	3.0	149.2
Tung oil	(2)	.1		.1	2.0	2.1		2.1			2.1
Total, mandatory nonbasic	33.6	105.0	2.7	141.3	48.0	189.3	13.6	202.9	3.5	3.0	209.4
Other nonbasic:											
Beans, dry edible	.6	.8	.4	1.8	.2	2.0		2.0			2.0
Flaxseed	(2)	(2)		(2)	(2)	(2)		(2)			(2)
Naval stores:											
Rosin					(2)	(2)		(2)			(2)
Turpentine		(2)		(2)	(2)	(2)		(2)			(2)
Soybeans	.1	1.3		1.4	1.2	2.6		2.6			2.6
Vegetable oils		.1		.1	.1	.2		.2			.2
Total, other nonbasic	.7	2.2	.4	3.3	1.5	4.8		4.8			4.8
Strategic and critical materials	6.7	1.7	1.1	9.5	1.4	10.9		10.9			10.9
Total, price support program	164.1	462.1	7.4	633.6	330.2	963.8	81.0	1,044.8	6.7	11.6	1,063.1
Storage facilities program					5.7	5.7		5.7			5.7
Supply and foreign purchase program	(2)	(2)		(2)		(2)		(2)			(2)
Special milk program					1.6	1.6		1.6			1.6
Administrative and nonadministrative expenses					2.9	2.9		2.9			2.9
Interest					13.2	13.2		13.2			13.2
CCC capital stock					3.5	3.5		3.5			3.5
Certificates held by banks					11.6	11.6		11.6			11.6
Public Law 480:											
Title I					43.8	43.8		43.8			43.8
Title II					2.5	2.5		2.5			2.5
International Wheat Agreement					1.8	1.8		1.8			1.8
National Wool Act					4.0	4.0		4.0			4.0
Loans to Secretary					.3	.3		.3			.3
Total, CCC	164.1	462.1	7.4	633.6	421.1	1,054.7	81.0	1,135.7	6.7	11.6	[3] 1,154.0

[1] Includes interest on prior years' unreimbursed losses.
[2] Less than $50,000.
[3] Wheat, corn, grain sorghum; 78 percent of this for carrying charges only; $500,000,000 for corn and grain sorghum.

Source: USDA.

Mr. ELLENDER. Mr. President, earlier this afternoon we were discussing the costs of the present emergency feed-grain program as compared to the costs of the conservation reserve program which has been in effect since 1956.

Under the emergency feed-grain program the total cost amounted to $825 million, of which $43 million was for administrative costs and $782 million for payments to farmers for diverted acres.

The payment to farmers was for the diversion of corn and grain sorghum acreage, and averaged $31 per acre. The average payment per acre for all contracts under the conservation reserve program amounted to only $11.85 per acre. However, the type land taken out of production under this program, generally, was less productive than that land taken out under the emergency feed-grain program.

This is adequately borne out by the payments for land diversion under the now expired acreage reserve program of the soil bank. Under that program the average payment amounted to $31 per acre for the 50.7 million acres diverted from the production of crops.

In this connection, I would like to place in the RECORD at this point a table showing a multitude of facts concerning the so-called soil bank program.

There being no objection, the table is ordered to be printed in the RECORD, as follows:

Costs of the soil bank program

	Million
Payments made to farmers through June 30, 1961:	
Acreage reserve	$1,549
Conservation reserve	923
Total	2,472
Payments to be made to farmers after June 30, 1961, under outstanding conservation reserve contracts	1,755
Total payments to end of program	4,227

Per acre payments made on voluntary acreage reserve

Increase each year:	Per acre
1956 program	$21
1957 program	29
1958 program	41

Average for aggregate of 50.7 million acres placed in reserve over 3-year period was $31 per acre.

Payments on conservation reserve contracts to end of program ($2,678 million on 28.7 million acres) will average $93 per acre.

Cost of administering all soil bank programs:	Million
Through June 30, 1961, totaled	$158.5
Highest fiscal year cost was in 1958	50
Total soil bank cost to June 30, 1961 (payments plus expenses)	2,600
Total cost to end of program (1971)	4,400

History of acreage reserve

Corn acreage signed up:

In 1956, 5.3 million acres—average of 16.9 acres per agreement.

In 1957, 5.2 million acres—average of 16.2 acres per agreement.

In 1958, 6.7 million acres—average of 18.7 acres per agreement.

Total of $644.8 million spent on corn or an average of $38 per acre.

Average rate per acre:	
1956	$33.80
1957	37.53
1958	42.39
Maximum rates 1958 program:	
Iowa	64.00
Illinois	69.00

Wheat acreage signed up:

In 1956, 5.7 million acres—average of 51.1 acres per agreement.

In 1957, 12.8 million acres—average of 54.9 acres per agreement.

In 1958, 5.3 million acres—average of 30.3 acres per agreement.

Total of $377.0 million spent on wheat or an average of $16 per acre.

Average rate per acre:	
1956	$7.89
1957	18.06
1958	19.87
Maximum rates 1958 program:	
Kansas	31.00
Washington	52.00

CONSERVATION RESERVE RENTAL RATES

The figure of $11.85 per acre is frequently used as the cost of the conservation reserve program annual rental. This was the average for all contracts entered into during the life of the program (1956 through 1960).

However, on contracts signed up in the last 2 years of the program (19.8 million acres), the average was $13.31 per acre.

In major corn-producing States the rates were considerably higher:

State	Rental rate	
	1960 contracts	1956–60 contracts
Iowa	$18.70	$18.12
Illinois	17.23	17.24
Indiana	18.42	18.40
Ohio	17.40	17.23
Minnesota	13.42	11.23
Nebraska	12.81	12.00
Missouri	14.94	14.14
Wisconsin	14.12	13.77

On all acres signed under the CRP, the total rental and conservation practice assistance paid under contracts to their expiration date will average $93 per acre.

PUBLIC WORKS PROJECTS IN MINNESOTA, NEW JERSEY, NORTH CAROLINA, NORTH DAKOTA, TENNESSEE, AND VIRGINIA

Mr. GRUENING. Mr. President, last Thursday, I stated my intention, when S. 2965 was considered, to propose an amendment increasing the amount authorized to be appropriated for an emergency program of public works. My amendment would increase the amount authorized to be appropriated to "the same amounts authorized to be appropriated for foreign economic assistance under the provisions of sections 202—for the fiscal year 1963—212, 401, and 451 of the Foreign Assistance Act of 1961." This would increase the total authorized to be appropriated from $600 million to $2,645 million for a one-shot emergency program of public works aimed at getting back to work the unemployed in the 933 pockets of economic distress scattered across the Nation.

As I indicated in my remarks last Thursday, some of my colleagues on the Senate Public Works Committee expressed doubts as to whether the sum of $2,645 million could be economically utilized. In order to allay these fears, I telegraphed the Governors of all the States, asking them to advise me of the amounts which can economically be expended in their States for public-works projects that can be completed in 27 months.

I reported, on Thursday, that I had heard from 12 States which indicated that more than $1.5 billion could be utilized profitably in those States, alone.

Since then, I have received additional responses from the States of Minnesota, New Jersey, North Carolina, North Dakota, Tennessee, and Virginia, indicating they have ready public works projects to employ the unemployed in distressed areas, totaling at least an additional $212 million, bringing to over $1.7 billion the total, so far, from the 17 States having distressed areas which have responded.

In the areas suffering from prolonged high rates of unemployment, we must be prepared to act effectively, and now. Let it not be said of us that we responded with too little supplied too late to the pleas of the unemployed.

We have responded magnificently and with munificence to the pleas of the unemployed in the underdeveloped countries abroad. We cannot afford to be less generous with our own unemployed.

I ask unanimous consent that the additional replies referred to by me today be printed in the RECORD at the conclusion of my remarks.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

STATE OF MINNESOTA,
EXECUTIVE OFFICE,
St. Paul, Minn., May 18, 1962.

Hon. ERNEST GRUENING,
Senate Office Building,
Washington, D.C.

DEAR SENATOR GRUENING: This is in reply to your wire requesting a list of public works projects for distressed areas in Minnesota.

The results of a community survey, in the form of an itemized list of projects, are attached. I would appreciate being kept advised of developments.

Cordially yours,

ELMER L. ANDERSEN,
Governor.

State of Minnesota public works projects for distressed areas

Community	Amount	Nature of project	Employees	27-month complete?	Match funds?
Aurora	$40,000	Curbs; gutters; sidewalks; public parks and picnic grounds; hockey rink; and blacktop streets.	125	Yes	Yes.
Buhl	400,000	Street and alley paving; sewerline installation and repairs; steam tunnels.	50	Yes	Very small portion.
Chisholm	1,750,000	Water works; interceptor sanitary sewers; streets and sidewalks, buildings and grounds.	100	Yes	For part of project.
Hibbing	900,000	Incinerator; resurfacing sewer for water; sidewalks, curbs, gutters, street widening, and street paving.	200	Yes	For any combination of projects.
Tower	2,500	Improve Hoodoo Point at Lake Vermilion campgrounds	10	Yes	$1,000.
Ely	380,000	Street improvements; sewer construction; water main construction; park improvements.	40 for each	Yes	Partly.
Viginia	500,000	Curb and sidewalk repairs and replacements; storm and sanitary sewer repairs; creek improvement.	100	Yes	No.
Fayal Township	85,000	Town hall and garage; blacktop and ditching township roads; rebuild sewage system in township location; build new roads.	100	Yes	Yes.
Biwabik	25,000	Blacktop streets; gutter work, curb and storm sewers; cemetery expansion; repair buildings; fire alarm system; city drainage and repair septic unit.	Indefinite	Yes	Yes.
Gilbert	60,000	Repair sidewalks, curbs, gutters, and storm sewers	Indefinite	Yes	Yes.
Eveleth	508,500	New sidewalks and repair sidewalks, streets, hippodrome roof, curbs, and gutters, storm sewers, waterplant, waterline and greens at Eveleth Golf Course; clean out drain line at Virginia Eveleth Airport; clean sanitary sewer lines and new waterline to serve St. Mary's Lake.	10,850 man-days	Yes	No.
Mountain Iron	120,000	Street repairs, sidewalks and alleys; life station; repair water and light plant; repair two steam boilers and water and steam and power lines.	25	Yes	Minimal.
McKinley	7,000	New compressor and water pump (deep well) for community	Indefinite	Yes	No.

Additional distressed area projects:
Beltrami County road construction to employ Indian labor; cost, approximately $500,000.
Construction of Duluth Arena-Auditorium; cost, approximately $25,000.

STATE OF NEW JERSEY,
OFFICE OF THE GOVERNOR,
Trenton, N.J., May 17, 1962.

Hon. ERNEST GRUENING,
U.S. Senator,
Washington, D.C.

DEAR SENATOR GRUENING: At your request I am sending you a tabulation of public works projects in economically distressed countries of New Jersey and those counties which would qualify under the proposed public works legislation.

Applications for planning these projects were made to the Community Facilities Administration under the terms of the program for assistance to public works planning, section 702 of the Housing Act of 1954. All are in various stages of planning or construction. It appears that most could be completed within a period of 27 months.

In addition to these projects, there are various public works projects which are constructed without the benefit of Federal aid and others which are deferred for lack of financial resources. These would be greatly aided by the proposed Federal program.

Not included in this tabulation is an estimated $75 million which will be required for the construction of a protective buffer strip along the entire coast of the State to provide protection from storms such as that which inflicted severe damage on March 6, 1962.

Sincerely yours,
RICHARD J. HUGHES,
Governor.

County and municipality	Type of project	Estimated cost of project
*Atlantic County: Pleasantville	Sanitary sewer system	$750,000
Burlington County:		
Pemberton Township	Sanitary sewer treatment plant	628,000
Medford Township	Sanitary sewers	991,330
Burlington Township	Storm sewers	213,543
Mount Holly	do	101,350
Palmyra	High school	990,000
Medford Township	Sanitary sewers	324,500
Camden County:		
Lindenwold	Sewer system treatment plant	1,733,750
Camden (city)	Storm sewers	1,037,000
Collingswood	School facilities	1,482,000
Pine Hill	Sewer and water system	1,500,000
Camden (city)	Incinerator	3,000,000
Clementon	Sewerage plant and system	1,157,940
Lawnside	Sewerage treatment plant	520,000
Camden (city)	Storm sewers	2,473,000
*Cape May County:		
Ocean City	Sewerage	1,050,230
Wildwood	Incinerator	386,000
*Cumberland County: None.		
Essex County:		
Essex County Board of Freeholders.	Administration building	18,863,000
East Orange	Addition to elementary school	(?)
Gloucester County: National park (borough).	Sanitary sewer system	707,825
*Monmouth County:		
Union Beach	Sewer system and treatment plant.	1,500,000
Englishtown	Water supply and distribution system.	365,000
Little Silver	Sewer system treatment plant	1,000,000
Asbury Park	Sanitary trunk sewer	615,690
Morris County:		
Wharton	Sanitary sewer system	(?)
East Hanover	Water system	(?)
Randolph Township	Water supply	(?)
Netcong	Sanitary sewer system plant	(?)
Butler	do	372,000
Chatham Township	Sewerage facilities	1,990,000
Morris County—Continued		
Roxbury Township	Sewerage system	$2,826,000
Parsippany-Troy Hills Township.	Sanitary sewer system	3,100,000
Denville	Sewer system	1,473,000
Lincoln Park	Sewerage system	1,262,000
Do	Water supply	197,000
Butler	Water system	981,000
Roxbury Township	do	1,345,000
*Ocean County:		
Lakehurst	Extensions and additions to sanitary sewerage collection.	428,165
Dover Sewerage Authority	Comprehensive sanitary sewer system.	3,165,000
Long Beach Township	Water system, new water sources	255,000
Plumsted Township	Comprehensive sewer system	800,000
Lakewood Township	Engineering study of water problems.	559,000
*Passaic County:		
Little Falls	Alterations and additions to existing sewerage treatment plant.	359,000
Passaic Valley sewerage commissioners.	Sewerage facilities	2,280,000
Pompton Lakes	Sanitary sewer system treatment plant.	1,725,000
Paterson	Urban renewal site sewer and storm drains.	581,395
Passaic Valley sewerage commissioners.	Pumping station	(*)
Totowa	Sewage treatment plant	705,900
Passaic (city)	Redesign of downtown Passaic	1,990,380
Wayne Township	Sanitary sewerage system treatment plant and pumping station.	1,266,000
Totowa	Sewage disposal plant	947,424
Union County:		
Scotch Plains	Sanitary sewer system	2,000,000
New Providence	Storm sewers	1,000,000
Elizabeth	Library	750,000

*Counties designated as redevelopment areas under Public Law 87-27.

RALEIGH, N.C., *May 18, 1962.*
Re Standby Public Works Act.
Senator ERNEST GRUENING,
U.S. Senate,
Washington, D.C.:

Replies from about 20 percent of communities in North Carolina counties qualified under Area Redevelopment Act indicate willingness to spend approximately $7 million for immediate public works on 50–50 matching basis. Greater proportion of Federal money would undoubtedly increase total which could be spent.

GEORGE M. STEPHENS,
Governor's Office.

STATE OF NORTH DAKOTA,
OFFICE OF THE GOVERNOR,
Bismarck, N. Dak., May 17, 1962.
Hon. ERNEST GRUENING,
Senate Office Building,
Washington, D.C.

DEAR SENATOR GRUENING: I regret the delay in responding to your telegram of April 18, inquiring about the public works projects that could be used in North Dakota.

While we certainly could use approximately $100 million in North Dakota alone, I think some of the more feasible projects have been cited to me by Hans Walker, Jr., the executive director of the North Dakota Indian Affairs Commission. In addition, we have pending construction of dams and reclamation projects totaling $65 million.

I am forwarding to you a copy of the letter I have received from Hans Walker for your information.

With kindest regards, I am,
Sincerely yours,

WILLIAM L. GUY,
Governor.

NORTH DAKOTA
INDIAN AFFAIRS COMMISSION,
New Town, N. Dak., May 1, 1962.
Re public work projects.
Gov. WILLIAM L. GUY,
Capitol Building,
Bismarck, N. Dak.

DEAR GOVERNOR GUY: This is in reply to your letter of the 25th regarding possible public work projects, the estimated costs and man hours of work which might be provided.

It would seem that the projects which might be carried on under this act would be those similar to the projects carried on under the old CCC rather than those under the PWA where projects included public auditoriums, etc. Suggestions made herein for projects are for those which might be carried on with Indian labor on reservations; however, some could be carried on outside reservations also.

As you know, Indian reservations were designated as distressed areas under the Redevelopment Act (OEDP). The type of project which might be carried on under that act, however, is quite different from those which may be carried on under this public works bill. The OEDP is designed to provide work on a permanent basis through the development of an industry or an enterprise. Some of the projects, therefore, which are possible under this public works bill are not possible under OEDP. The objection to some projects has been that they do not alleviate underemployment or unemployment on a permanent basis. It seems therefore that funds under this bill would be necessary to provide immediate employment while efforts can be continued to development of more permanent employment.

The enclosed telegram requests possible projects, cost estimates, and man-hours of work which might be provided. There is submitted for your consideration projects as follows:

1. Project to clear driftwood from Garrison Reservoir: The Garrison Reservoir area was heavily wooded and was not cleared prior to flooding. The driftwood lying on the beaches and floating creates a definite hazard to boating and recreation. It is also a hazard to the machinery at the outlet of the dam. The Army Engineers, I understand, expend funds each year to keep this wood away from the dam outlet. The wood gathered could be stockpiled for use by needy Indians to use for fuel.

One hundred men could commence work immediately with flat barges and power saws. It is estimated that the work could be completed in 260 working days. This would involve 208,000 man-hours and labor at $1.15 per hour would be $239,200. Other costs (boats, equipment, and so forth) are estimated at $60,000.

Such a project would be beneficial to the public, the Army, and, of course, to those needing work.

2. Planting shelterbelts: There are many areas on the reservations and off where shelterbelts would be desirable. Since I have no definite project in mind, I make no estimated cost of work which would be provided.

3. Reforestation: Reforestation projects could be carried on both at Turtle Mountain and at Fort Berthold. At Turtle Mountain some thought has been given to the idea of clearing 10 square miles of the scrub brush and reseed the area with pine. The pine could be sold for Christmas trees, thus providing income for the tribe and labor for members. The Turtle Mountain project would involve 928,000 man-hours and cost slightly over a million dollars for labor. There would be in addition to this a cost of about 3 cents per tree. About 2000 trees per acre would be required. The cost for trees would be about $38,400.00 or $384,000 for 10 square miles. Total costs approximately $1,384,000. Perhaps these projects are far in excess of the costs contemplated under the act and if so could be cut down accordingly. The Turtle Mountain area, however, is one where there is much unemployment and there some project under this bill should be undertaken.

The reforestation (or forestation) project at Fort Berthold would be on a much smaller basis. It is estimated that a successful project could be carried on in 52,000 man-hours at a cost of $60,000.

4. Development of recreation areas on lake: Such a project would include the landscaping, cleaning, building entrance roadways, building restrooms and otherwise developing picnic areas along the lake for the benefit of local people and tourists. Such a project could be as large or small as is feasible. But to give some figures, such a project could be carried on with 50 men for 1 year involving 104,000 man-hours at a cost of $121,600 for labor.

5. Lake development at Turtle Mountain: It has been proposed that there could be five dams and gateways built to build up and connect the lakes on the Turtle Mountain Reservation. It is my thought that such a project could be carried on for a cost similar to the project listed above (4).

6. Summer youth camp at Fort Yates: This has been proposed as a camp for carrying on youth programs for Indians in the Aberdeen area. It would include 10 cabins, a mess hall, toilets, etc., and the estimated cost is $75,000.

7. Swimming pool at Fort Yates: A swimming pool has been proposed and it is estimated that the cost would be approximately $75,000.

8. Clearing land on proposed dam in the Walhalla area: If it is determined that a dam is to be constructed the brush and trees should be cleared using the laborers in the area. The area, I understand, is approximately 15 miles long and 1 mile wide. Estimated cost would be somewhat less than the proposed clearing of the 10 square miles at Turtle Mountains.

The above are only estimates made by one not qualified, but since the telegram indicated that estimates were wanted these are submitted for consideration. You may want to revise the estimates. It may be advisable to check with the Army Engineers at Riverdale on the cost of the project of removing driftwood from the Garrison Reservoir.

Sincerely,

HANS WALKER, Jr.

NASHVILLE, TENN., *May 19, 1962.*
Senator ERNEST GRUENING,
Washington, D.C.:

In Governor Ellington's absence from the city, I am taking the liberty of replying to your telegram of May 16. The Governor has previously made a statement in support of legislation favoring the public works program and preliminary information from Tennessee reveals that the State has approximately $45 million in projects which could be constructed providing approximately 13 million man-hours. I hope this information will be helpful.

HARLAN MATHEWS,
Commissioner, State of Tennessee, Finance and Administration.

COMMONWEALTH OF VIRGINIA,
GOVERNOR'S OFFICE,
Richmond, Va., May 18, 1962.
Hon. ERNEST GRUENING,
U.S. Senate, Washington, D.C.

DEAR SENATOR GRUENING: In response to your telegraphed request I am enclosing a list of urgently needed water supply and sewage treatment facilities in areas of Virginia which have been declared eligible for aid under the Area Development Act.

This is a hastily assembled list and its submission, of course, does not constitute endorsement of the proposed emergency public works legislation.

Very truly yours,

ALBERTIS S. HARRISON, Jr.,
Governor.

Public sewage treatment projects needed in areas eligible for aid under Area Redevelopment Act [1]

Place	County	Estimated cost	Grant requested under Public Law 87-88
Appalachia	Wise	$244,000	
Arno	do	61,000	
Big Stone Gap [2]	do	287,000	$150,000
Cleveland	Russell	89,000	
Clintwood [2]	Dickenson	147,000	68,700
Coeburn [2]	Wise	198,000	35,010
Derby	do	54,000	
Deel	Buchanan	89,000	
Dorchester	Wise	134,000	
East Stone Gap	do	134,000	
Gate City [2]	Scott	198,000	98,162
Grundy	Buchanan	198,000	
Honaker	Russell	89,000	
Hurley	Buchanan	37,000	
Independence [2]	Grayson	89,000	119,400
Jonesville	Lee	89,000	
Norton [2]	City	328,000	163,800
Pennington Gap [2]	Lee	147,000	57,065
Scottsville	Fluvanna	(?)	16,767
Weber City [2]	Scott	(?)	93,811
Wise [2]	Wise	(?)	53,010
Total		2,612,000	

[1] The costs listed above are for sewage treatment facilities only. In most of these communities additional expenditures are needed for construction of sewage collection systems.
[2] Requests for grants under Public Law 87-88 (Federal Water Pollution Control Act) have been filed from these localities with the State water control board in the amounts listed.

MAY 18, 1962.

WATER SUPPLY IMPROVEMENTS URGENTLY NEEDED FOR MUNICIPALLY OWNED SYSTEMS IN FOLLOWING COUNTIES

Buchanan County, town of Grundy: Additional source, treatment, distribution mains, and storage.

Carroll County, Galax: Town already has under construction project to bring system up to needs.

Dickenson County, Clintwood: New source of supply, pumping stations, force main, modernization of filter plant, distribution mains, and storage.

Grayson County, Independence: Additional source, distribution mains, and storage.

Lee County:

Jonesville: Additional source, treatment, pump station, force main, distribution mains, and storage, $150,000.

Pennington Gap: New source, purification plant, force main, distribution mains, and storage, $434,000.

Russell County:

Honaker: Distribution mains and storage.

Lebanon: Additional source, treatment, mains, and storage.

Cleveland: New source, purification plant, mains, and storage.

Scott County:

Dungannon: Additional source, treatment, force main, and pump station, mains, and storage.

Gate City: Additional mains and storage.

Nickelsville: Additional source, treatment, mains, and storage.

Weber City Sanitation District: Addition to filter plant, additional mains, and storage.

Wise County ($388,000):

Big Stone Gap: New filter plant, additional mains, and storage.

Coeburn: New source, filter plant, pump station, force main, distribution mains, and storage, $452,812; alternate, $283,820.

Norton: Enlargement of filter plant, distribution mains, and storage.

Pound: Additional source, treatment, transmission main, distribution mains, and storage.

St. Paul: New filtration plant, distribution mains, and storage, $250,000.

Wise: New source, filtration plant, force main, distribution mains, and storage.

Cumberland County and Fluvanna County: No municipal or county owned water supplies in these counties.

(NOTE.—Where cost figures are given, these were taken from consulting engineers' preliminary report and estimate.)

FOOD AND AGRICULTURE ACT OF 1962

The Senate resumed the consideration of the bill (S. 3225) to improve and protect farm income, to reduce costs of farm programs to the Federal Government, to reduce the Federal Government's excessive stocks of agricultural commodities, to maintain reasonable and stable prices of agricultural commodities and products to consumers, to provide adequate supplies of agricultural commodities for domestic and foreign needs, to conserve natural resources, and for other purposes.

Mr. MUNDT. Mr. President, as I believe is now generally understood by Members of the Senate, later today there will be submitted a request for unanimous consent that voting on the amendments to the bill shall begin, following reasonable debate, on Thursday, in the expectation that the Senate can conclude its action on the bill on Friday. Certainly that will be a satisfactory schedule, insofar as I am concerned.

When we have finalized that proposed agreement, and when the attention of the Senate is immediately directed to the amendment now at the desk, I expect to discuss with greater emphasis and greater elaboration than I shall now the reasons why I believe the Ellender amendment should be rejected.

But at this time, before we come to discuss the particulars of the amendment, I wish the RECORD to show that I believe that, on the whole, the Senate Committee on Agriculture and Forestry did a very constructive piece of work, this year, in its handling of the so-called Kennedy-Freeman farm bill. It came to us with a determined effort on the part of the administration to extract from the farmers and from Congress the authority and the power of self-determination, and to delegate to the Department of Agriculture the control of agriculture. To me, that would be manifestly unwise. To me, it would be unwise, in the first place, because I believe the job of the Department of Agriculture has already become so colossal and its responsibilities already have become so great that failures and cracks in the structure are becoming apparent to all Americans—so much so, that even if we take the very kindest attitude toward what is wrong, toward developments which have led to instances such as the Estes scandal, for example, the kindest comment which could be made would be that the octopus of the Department of Agriculture has become so large that it is impossible for men who have good intentions to properly police and control and operate the Department prudently, honestly, and wisely.

Because, Mr. President, I like human beings generally, I dare hope that when our investigation is concluded, we shall arrive at that conclusion. However, the conclusion actually to be reached may be altogether different. Moreover, Senators may be sure that the McClellan committee will follow the facts, regardless of where they may lead; and if, instead of the reasons I have attributed for this collapse of administration, it develops that there are other reasons, much less savory and much more undesirable, certainly our committee will expose them, and the public will learn of them, and the necessary corrective steps will be taken.

At any rate, Mr. President, I doubt that anyone will deny that a prodigious job has been assigned to the Department of Agriculture, from the standpoint of the authority it is now attempting to exercise, in the area of farm legislation; and if we were to add to those great burdens and problems the power and the controls and the decisions originally called for by the Kennedy-Freeman bill—which I presume was written by Dr. Cochrane, although at least we have to attribute it to those who have presented it and who have approved it—we would be expanding the authority of the Department of Agriculture so greatly that the cases—including that of Billie Sol Estes—which now are attracting the attention of the country would be increased immeasurably.

Mr. President, we must take steps to see to it that the people working on the farms will receive a fair price for a full crop; and we must solve the surplus problems to such an extent that they will not be burdens on the market and will not cause the commodities to sell for less than a parity price.

So, Mr. President, although I must disagree, as regards some features of the bill and the amendments, with the distinguished Chairman of the committee, nevertheless I believe that, in the main, the committee did a constructive job in proceeding to remove from the bill most of the provisions which would have provided additional amounts of authority and power for the bureaucrats and additional areas in which determinations would be made by the bureaucrats, instead of by those who are actively engaged in the farming business.

I think it is good to know that, while title 1, in my opinion, still has some deficiencies, we have improved it tremendously. As I recall, we improved it with the support of the Chairman. I am not sure. I am not trying to say we did it or not with his approval. But we

improved it, because we took away the requested right of the Department of Agriculture, if you please, to dispossess any or every farmer in America from the land he owns and tell him he has to move off, and sell out, at a price to be determined by a board of arbitration, whether he desires to continue to be a land-owning farmer or not. That provision has been eliminated from the bill.

We are talking about a farm problem we have had before us for a long time, and I think we have made some progress in the direction of solving it.

I fail to see the validity in the argument of the Department of Agriculture which now seeks to disclaim the program which it supported just a year ago. When it supported the feed grains program, it made a lot of attractive predictions as to what would occur. They did not all occur to the extent the prophets indicated, but some progress was made in reducing surpluses in this country, without reducing the prices and income received by the farmers.

I notice the Wall Street Journal for today, for example, points out that the storage of grains must be down to less than 1 billion bushels, because it states that we had 1,800 million bushels in storage in 1960 and that over 800 million bushels were sold since October 1, 1961.

That is progress. That is moving in the right direction. It is moving in the right direction without giving bureaucrats the right to whiplash every farmer to be in compliance with a bureaucratic order.

If we were to adopt the amendment, which I feel sure the chairman of the committee is disposed to introduce and support, for a compulsory feed grains program that will take away the latitude and freedom on the part of the farmers, it would put the bureaucrats in Washington in control. I hope we reject that proposal. When it comes time to offer it, I shall discuss the amendment in specific detail at that time.

May I point out also that, according to the Department of Agriculture publication of April 30, the signup for the feed grains program to divert over 29 million acres from corn and grain sorghums has been completed. This exceeds by about 3 million acres the 26 million acres-plus which were voluntarily signed into retirement a year ago.

That is also progress.

Also, we are told, 6½ million acres of sorghums have been diverted, and 3½ million acres of barley production have been diverted.

Our committee, which reported the bill, proposes to continue and improve the programs which are beginning to operate, and to resist any attempt to displace them and substitute for them a complete program of controls and directives from the Department of Agriculture, under a compulsory piece of legislation.

With regard to corn, I hold in my hand the commodity page of today's issue of the Wall Street Journal, which points out that—

Buying of corn was sparked by the reduced volume of corn held by the Government, lighter receipts, and a strong cash market. In the week ended May 11 the Government sold 12,786,000 bushels of corn for domestic use and export. This brought total Government sales of corn for the season that started October 1, 1961, to 818,726,000 bushels, up from 184,788,000 bushels in the like period a year ago. In recent weeks sales of corn by the Government have exceeded 20 million bushels weekly.

This is also progress in the direction of decreasing the problem of surpluses. This is also progress in the direction of coming to a long-term solution of the farm problem. It, too, was done without any compulsion, without any coercion, without forcing the farmers of America to abandon their freedom and to delegate their fate to the decisions, good, bad, or indifferent, of men either honest or corrupt, efficient or inefficient, in the Department of Agriculture.

The corn glut—

Says the same issue of the Wall Street Journal, on page 1—

held by Uncle Sam shrinks fast. The price-support pile of corn owned by the Government fell to 729 million bushels May 1, down 138 million bushels from a month earlier and far below the 1.4 billion held a year before.

I would think that normally an administration that had supported a program which is beginning to operate and which is beginning to reduce surpluses, and which has not seriously, let me say, cut back farm income, and which has retained the freedom of the individual farmer, would come to Congress with some minor suggestions for correction, some lessons from experience, and would say, "Let us continue the program, which is beginning to work."

It is very hard for me to understand the motive of a Secretary of Agriculture, or of a President, or of a professor from the University of Minnesota, whose idea this is, that this program, which is really just getting tried in its first year, should be abandoned in favor of a program yet to be prescribed and yet to be defined, tucked away in the mind of some bureaucrat, which would tell the feed grain farmers, "You have got to do what we say you must do."

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MUNDT. Of course.

Mr. ELLENDER. The Senator is aware, is he not, that when the emergency program for feed grains was put on the statute books, it was done to give us time to write a permanent program? The Senator remembers that, does he not?

Mr. MUNDT. Yes. I think the original act, passed in 1938, was enacted in order to give us time to write a permanent program. We have been trying to write one ever since.

Mr. ELLENDER. The program which the Senator is criticizing was an emergency program for 1 year, in order to give us time to present a permanent program.

Mr. MUNDT. May I correct the Senator? He said I was criticizing the program. I said it was beginning to work. I was not criticizing the program.

Mr. ELLENDER. The Senator was criticizing the administration.

Mr. MUNDT. For wanting to change it.

Mr. ELLENDER. For wanting to change it. We have had it in operation for 2 years, instead of 1, at tremendous cost. The program will cost the Government, as I pointed out yesterday, over $900 million this year. It strikes me that this is an extravagant program, and a permanent program of this kind is not what I would want to see.

Mr. MUNDT. The chairman of the committee does something which is not really compatible with his normal behavior, because he is a great advocate of human freedom—and I respect him for it—and he wants to give the people the right to vote to solve their problem—and I respect him for that—and he believes in protecting the right of the States—and I respect him for that. So I think he wears uncomfortably this new cap which he now has when he introduces a program to knock out my wheat proposal, which simply says, "Let us give the wheat farmers the right to vote, at long last, between two attractive programs for handling the wheat problem."

I do not know how the farmers are going to vote. I must say in my own State of South Dakota, which is a great wheat State, I get a great confusion of counsel from producers of wheat. I get some wheat farmers who are not dedicated to the proposal that we should continue the present proposal for a year or two longer to determine whether the progress being made under it will continue.

There is another group of fine wheat producers dedicated to the so-called wheat certificate program, the two-price proposal, which is the proposal advocated by the Department. These men are equally honest. They are equally desirous of solving the wheat problem.

It seems to me logical, sensible, and profoundly American to follow the guidance provided by the committee bill, which would say to the farmers in South Dakota and elsewhere all across the length and breadth of America, "You are the people who are most vitally interested in this problem. You are the people whose future and fortune will depend upon success in the agricultural business and in the production of wheat. Here are two proposals, each with commendable advocates. We shall give you an opportunity in a national referendum, in good American style, to vote in an honest and fair election, in which the voting will be carefully conducted and the votes carefully counted to determine which of the two programs you wish to follow."

In a second referendum, perhaps a week or two or even 3 weeks later, the same wheat farmers will be given an opportunity to determine whether the farm program on wheat selected by a majority of the wheat producers voting in this country should then become the law of the land.

I can see no valid reason whatsoever for denying to the wheat farmer a right to vote on the program which is going to determine his future and his fate. That is what the Ellender amendment would

for corn, sorghum, and barley. The minimum national quota would be 110 million tons. The price support level for corn would be 65 to 90 percent of parity if marketing quotas were not disapproved, and not more than 50 percent of parity if quotas were disapproved. Barley and grain sorghums would be supported at fair levels in relation to corn, and oats and rye could be supported at zero to 90 percent of parity. pp. 8524-61

By Sen. Young, N. Dak., as an amendment to the Ellender feed grain amendment, to authorize the Secretary to permit acreage diverted from feed grains in 1963, 1964, and 1965 to be devoted to the production of guar, sesame, safflower, sunflower, castor beans, other annual field crops for which price support is not made available, and flax, when such crops are not in surplus supply and will not be in surplus supply if permitted to be grown on the diverted acreage. pp. 8535-7

By Sen. Young, N. Dak., as an amendment to the Ellender feed grain amendment, to prohibit the grazing of acreage diverted from the production of corn, grain sorghum, and barley unless the Secretary, after certification by the Governor of the State in which the acreage is situated of the need for grazing on the acreage, determines that it is necessary to permit grazing thereon in order to alleviate hardship because of natural disaster. p. 8537

By Sen. Miller, as amendment to the Ellender feed grain amendment, to provide that the term "hardship" would mean "an average loss of 25 percent of gross income," to provide that the term "unduly increase the price of feed" would mean "a 25-percent increase in the price of feed grains," and that the term "normal farming practices" would be "based on 1959-60 operations." pp. 8556-7

Rejected the following amendments:

By Sen. Young, N. Dak., 36-53, as an amendment to the Ellender feed grain amendment, which would have exempted any feed grain harvested as silage from the marketing quotas for feed grains. pp. 8537-41

By Sen. Proxmire, as an amendment to the Ellender feed grain amendment, which he stated would provide "with respect to feed grains, wheat and cotton, any time there is a feed grain referendum held, the cotton and wheat producers who also grow feed grains and also are eligible to vote would be required to vote simultaneously for controls on all crops or controls on none." pp. 8541-3

By Sen. Miller, as an amendment to the Ellender feed grain amendment, which he stated would "eliminate the provision in the Ellender amendment which would take into account imports of feed grains that cut down on the national allotment....it would modify the Ellender amendment by taking into account the reduction in stocks of the Commodity Credit Corporation, in such amount as may be determined by the Secretary of Agriculture." pp. 8543-5

By Sen. Eastland, 40 to 45, as an amendment to the Ellender feed grain amendment, which he stated would provide "that a man may grow on his own land without price supports, whatever feed is necessary for consumption on his property." pp. 8545-9

By Sen. Miller, as an amendment to the Ellender feed grain amendment, which he explained would remove "exemptions for the small farmers... small farms of 25 acres or less." pp. 8557-8

Pending at adjournment was an amendment by Sen. Proxmire to provide for a dairy income improvement program. pp. 8561-3

Sens. Humphrey, Curtis, and McCarthy submitted amendments intended to be proposed to this bill, S. 3225, p. 8476

14. FARMLAND; RECREATION. Sen. Hartke urged that part of the land now in farms,

ranches, and woodlands be taken out of production and put to recreational uses as a means of reducing surplus crops and increasing farm income. p. 8571

15. SOIL CONSERVATION. Sen Talmadge called attention to the observance next week of Soil Stewardship Week, stated that "We are indebted to the 15,000 soil conservation district leaders who have for 8 years inspired this annual observance," and inserted a statement by the Administrator of the Soil Conservation Service, "A Time For Stewardship." p. 8479

16. ESTES CASE. Sens. Mansfield, Goldwater, and Kefauver defended Sen. Yarborough against statements in a recent editorial critical of his relations with Billie Sol Estes, and Sen. Mansfield inserted Sen. Yarborough's letter to the editor defending his actions. pp. 8488-9

17. PUBLIC WORKS. Sen. Case, S. Dak., submitted (for himself and Sens. Cooper, Prouty, Fong, and Boggs) an amendment, in the nature of a substitute, intended to be proposed to S. 2965, to provide standby authority to accelerate public works programs. p. 8476

18. TRANSPORTATION. The Commerce Committee reported with amendments, S. 3016, to establish new loadlines regulations for oceangoing and coastwise vessels (S. Rept. 1530). p. 8472

19. FISHERIES. Sen. Smith, Mass., discussed problems in the fishing industry and inserted a table showing Federal expenditures for agriculture as compared to those for fisheries. pp. 8496-8505

20. HEALTH INSURANCE. Sen. Javits inserted a table comparing provisions of the Kerr-Mills program (Public Law 86-778), the Administration bill (S. 909), and the Javits bill (S. 2664) relating health insurance for the aged. pp. 8550-3

21. LEGISLATIVE PROGRAM. Sen. Mansfield stated that the public works authorization bill will be considered after the farm bill, and that if these bills are disposed of by next Tues., it is the intention of the leadership to adjourn over until the following Mon. or Tues., with a pro forma meeting on Fri. of next week. Also, he stated that the Interior and related agencies appropriation bill will be considered after this adjournment period. p. 8541

ITEMS IN APPENDIX

22. SURPLUS FOOD. Extension of remarks of Rep. Dole inserting a prize-winning essay on "How Can The Hungry People of the World Be Fed?" p. A3873

23. PARKWAY. Extension of remarks of Sen. Byrd, W. Va., inserting a statement presented before the Senate committee urging favorable action on the bill to authorize construction of the Allegheny Parkway. pp. A3873-4

24. FOREIGN AID. Extension of remarks of Sen. Talmadge inserting an editorial, "Time To Get Tougher," suggesting that the time is overdue for the United States to start demanding something for our money." pp. A3876-7

25. FARM PROGRAM. Extension of remarks of Rep. Ellsworth inserting an article urging a complete investigation of the Estes case. pp. A3878-9

26. FOREIGN TRADE. Extension of remarks of Sen. Humphrey commending and inserting an address by Secretary Dillon, "How To Keep American Products Competitive."

Enactment of this legislation will not increase the budgetary requirements of the General Services Administration.

The Bureau of the Budget has advised that from the standpoint of the administration's program, there is no objection to the submission of this proposed legislation to the Congress.

Sincerely yours,

BERNARD L. BOUTIN,
Administrator.

S. 3340

A bill to repeal a portion of the Second Supplemental National Defense Appropriation Act, 1943, approved October 26, 1942 (56 Stat. 999), as amended, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That that portion of the Second Supplemental National Defense Appropriation Act, 1943, approved October 26, 1942, in the second paragraph under the heading "Federal Works Agency, Public Buildings Administration" (56 Stat. 999), beginning with the words *"Provided further"* in line 9 and ending with the words "in such buildings" in line 22 of such paragraph, as amended by the Act of October 26, 1949 (63 Stat. 930, c. 757), be and the same hereby is repealed.

AMENDMENT OF SECTION 14 OF NATURAL GAS ACT

Mr MAGNUSON. Mr. President, by request, I introduce, for appropriate reference, a bill to amend section 14 of the Natural Gas Act. I ask unanimous consent that a letter from the Chairman of the Federal Power Commission, requesting the proposed legislation, be printed in the RECORD.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 3343) to amend section 14 of the Natural Gas Act, introduced by Mr. MAGNUSON, by request, was received, read twice by its title, and referred to the Committee on Commerce.

The letter presented by Mr. MAGNUSON is as follows:

FEDERAL POWER COMMISION,
Washington, D.C., May 17, 1962.

Hon. LYNDON B. JOHNSON,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: I am transmitting herewith for the consideration of the appropriate committee of the Senate 20 copies of a draft bill to amend section 14(a) of the Natural Gas Act so as to give the Commission broad powers to conduct investigations and collect information with respect to the gas industry similar to those now conferred upon it with respect to the electric industry by section 311 or the Federal Power Act, but without impinging upon the existing authority of other Federal agencies in areas under their jurisdiction.

There are now more than 34 million natural gas consumers. Although a great deal of the Commission's work involves rates for natural gas in the field and at the city gate, we have very little information on what the ultimate consumer pays and so far as we know this information is not available anywhere. Of all the information we publish, the annual compilation of typical bills for household electric rates arouses the most interest and has probably been the most effective instrument in spotlighting out-of-line rates and stimulating better performance by the power industry with resulting benefits to consumers. We think that the information technique is equally applicable in the natural gas field. In his message of March 14, 1962, on protecting the consumer interest, the President recommended that the Congress enact legislation to enable the Commission to provide this information.

The Commission does not have complete authority to secure information relating to all segments of the natural gas industry. The result is that neither the Federal Government, the natural gas industry, nor the consuming public can turn to any single agency and obtain comprehensive information. In contrast, the Federal Power Commission is in a position to provide complete data concerning the electric power industry. Although the trade associations compile some statistical information on the industry as a whole, it is inadequate to meet the needs of the Commission and does not afford the detailed information desired by Members of Congress, other Government agencies, and the general public.

This amendment was recommended by the Commission in its 41st annual report to the Congress for the fiscal year ended June 30, 1961. The Bureau of the Budget advises that enactment of this legislation would be in accord with the program of the President.

Respectfully,

JOSEPH C. SWINDLER,
Chairman.

EMPLOYMENT OF ALIENS IN A SCIENTIFIC OR TECHNICAL CAPACITY

Mr. ANDERSON. Mr. President, by request, I introduce for appropriate reference, a bill to authorize the Secretary of the Interior to employ aliens in a scientific or technical capacity.

This bill was submitted by the Department of the Interior, and I ask unanimous consent that the letter from the Assistant Secretary of the Interior accompanying the draft of the proposed legislation be printed in the RECORD.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 3344) to authorize the Secretary of the Interior to employ aliens in a scientific or technical capacity, introduced by Mr. ANDERSON, by request, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

The letter presented by Mr. ANDERSON is as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., May 14, 1962.

Hon. LYNDON B. JOHNSON,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a draft of a proposed bill, "To authorize the Secretary of the Interior to employ aliens in a scientific or technical capacity."

We suggest that the bill be referred to the appropriate committee for consideration, and we recommend that it be enacted.

The bill would extend to this Department authority to employ aliens of any country in a scientific or technical capacity. The Secretary of the Interior is precluded by the General Government Matters Appropriation Act from using appropriations to compensate aliens whose post of duty is in continental United States unless certain statutory requirements are met. Section 502 of the General Government Matters Appropriation Act, 1962 (Public Law 87-125), provides in part:

"Unless otherwise specified and during the current fiscal year, no part of any appropriation contained in this or any other Act shall be used to pay the compensation of any officer or employee of the Government of the United States (including any agency the majority of the stock of which is owned by the Government of the United States) whose post of duty is in continental United States unless such person (1) is a citizen of the United States, (2) is a person in the service of the United States on the date of enactment of this Act, who, being eligible for citizenship, had filed a declaration of intention to become a citizen of the United States prior to such date, (3) is a person who owes allegiance to the United States, or (4) is an alien from Poland or the Baltic countries lawfully admitted to the United States for permanent residence * * *. That any payment made to any officer or employee contrary to the provisions of this section shall be recoverable in action by the Federal Government. This section shall not apply to citizens of the Republic of the Philippines or to nationals of those countries allied with the United States in the current defense effort, or to temporary employment of translators, or to temporary employment in the field service (not to exceed sixty days) as a result of emergencies."

Among the agencies that have authorities to employ and compensate aliens of any country are the National Aeronautics and Space Administration and the Atomic Energy Commission. S. 2236, 87th Congress, which would authorize the Secretary of Commerce to employ aliens in a scientific or technical capacity, passed the Senate on September 1, 1961, and is presently pending before the House Interstate and Foreign Commerce Committee.

The proposed legislation would enable this Department, in the absence of qualified U.S. citizens, to broaden its area of recruitment in searching for talented personnel with unique technical and scientific skills, regardless of the country of origin of an individual being considered. It would remove the anomalous situation whereby individual scientists of outstanding ability and experience, who are citizens of neutral countries may not be offered employment, unless they are employed on projects for which funds can be transferred from agencies that do have authority to hire such specialists.

The authority will be used to fill vacancies in current research and investigations programs that require qualified scientists and engineers with a depth of training and experience or a special combination of unusual abilities not commonly available in a single person. Lack of qualified applicants to fill present vacancies may result in postponement of needed research programs.

Examples of the kinds of specialists currently being sought include nuclear scientists skilled in mass spectrometer techniques and experienced in the absolute dating of rock specimens for geochronological studies (most of whom are Swiss nationals), scientists experienced in Arctic or Antarctic exploration with sufficiently broad training to extract maximum information from fieldwork performed at high cost under the most severe working conditions, including work performed on limited time schedules at points of observation where access is difficult, as in certain areas of Alaska (such specialists are few in number and are principally Scandinavian or Canadian nationals, of which Swedish and Finnish scientists cannot currently be employed). Other examples include scientists with technical training and linguistic ability in the central European, Asiatic, and other less well known languages, and with geographic familiarity with areas not currently accessible to travel,

who would act not as translators as such, but provide scientific interpretations of materials produced in the geographic areas they know.

These specialists would be employed "* * * subject to such investigations as he (the Secretary of the Interior) may determine to be appropriate." This provision is in no way intended to permit lower investigative standards for aliens than for citizens. Rather, this provision would enable the Secretary to apply higher investigative standards for aliens if, in his discretion, he determined that such higher standards were necessary from the standpoint of the national interest.

The Bureau of the Budget has advised that there is no objection to the presentation of this draft will from the standpoint of the administration's program.

Sincerely yours,

D. OTIS BEASLEY,
Assistant Secretary of the Interior.

ACQUISITION AND CONVEYANCE OF CERTAIN PROPERTY TO THE INTERNATIONAL MONETARY FUND

Mr. FULBRIGHT. Mr. President, by request, I introduce a joint resolution to authorize the acquisition of certain property in the District of Columbia, and its conveyance to the International Monetary Fund on a full reimbursement basis, for use in expansion of its headquarters.

This joint resolution is being introduced at the request of the Secretary of State. I ask that a letter addressed to the President of the Senate by the Secretary of State under date of April 19, 1962, which sets forth a statement of justification for this proposal, be inserted in the RECORD as part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

APRIL 19, 1962.

Hon. LYNDON B. JOHNSON,
President of the Senate.

DEAR MR. VICE PRESIDENT: I am transmitting herewith a draft of a proposed joint resolution authorizing the acquisition of certain property in the District of Columbia and its conveyance to the International Monetary Fund, on full reimbursement basis, for use in expansion of its headquarters.

The International Monetary Fund was established in 1946 to promote international monetary cooperation through a permanent institution providing machinery for consultation and collaboration on international monetary problems. Pursuant to the Bretton Woods Agreements Act the United States became an original member of the Fund. At present 75 countries have adhered to the articles of agreement of the Fund. In addition, there are pending 11 applications for membership. The Fund's headquarters were established in the District of Columbia in acordance with the requirements in the Fund's articles of agreement that the site of its principal office be located in the territory of the member country having the largest quota in the Fund. The Fund rented quarters from 1946 to 1958. In 1958 it constructed, out of its own earnings, the building which it now occupies at 19th and H Streets Northwest. At that time its membership consisted of 64 countries.

On August 1 of last year, the Managing Director of the Fund, the Honorable Per Jacobsson, addressed a request to the Governor of the Fund for the United States and Secretary of the Treasury, the Honorable Douglas Dillon, requesting the assistance of the U.S. Government in acquiring certain adjoining properties necessary for an expansion of its headquarters. Mr. Jacobsson noted that the growth in the membership and activities of the Fund necessitated the construction of an addition to the present building in order to provide adequate office space to carry on the Fund's activities. He stated that some of the land necessary for the addition had been acquired, but that efforts to acquire two needed properties had met with utter failure.

The Secretary of the Treasury thereupon transmitted the request to me with a statement of his support. He noted that the Fund provides an important part of the international facilities which are essential to its members and recommended that the Department of State request the General Services Administration to assist the Fund.

On August 8, 1961, the Department, pursuant to section 405 of the Public Buildings Act of 1949, as amended (40 U.S.C. 298b), requested the General Services Administration to furnish the desired services to the Fund on the basis of full reimbursement. Representatives of the General Services Administration have sought to purchase from the interested parties the properties located at 701 19th Street, NW., and 1831 G Street, NW. The General Services Administration has reported failure in such attempts and has recommended that in the circumstances authority to permit the public taking of the properties is necessary.

It is my view that it is in the interest of the United States that legislation be enacted auhorizing the General Services Administration to acquire the said property by purchase, condemnation, or otherwise, for conveyance to the International Monetary Fund on a full reimbursement basis. The Secretary of the Treasury concurs in this view. It is our hope that the Congress will be able to take early action on this matter.

A similar communication is being sent to the Speaker of the House of Representatives.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress.

Sincerely yours,

DEAN RUSK.

Mr. FULBRIGHT. Mr. President, the subject matter of this joint resolution, according to the Parliamentarian, would normally require its referral to the Committee on Government Operations. It is my understanding, however, that the chairman of that committee has no objection to having this joint resolution referred to the Committee on Foreign Relations in view of the fact that it involves indirectly our relations with the International Monetary Fund.

Under these circumstances, I ask unanimous consent that this joint resolution be referred to the Committee on Foreign Relations.

The ACTING PRESIDENT pro tempore. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 190) authorizing the acquisition of certain property in the District of Columbia and its conveyance to the International Monetary Fund, on a full reimbursement basis, for use in expansion of its headquarters, introduced by Mr. FULBRIGHT, by request, was received, read twice by its title, and referred to the Committee on Foreign Relations.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS—AMENDMENT

Mr. CASE of South Dakota (for himself, Mr. COOPER, Mr. PROUTY, Mr. FONG, and Mr. BOGGS) submitted an amendment, in the nature of a substitute, intended to be proposed by them, jointly, to the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies, which was ordered to lie on the table and to be printed.

FOOD AND AGRICULTURE ACT OF 1962—AMENDMENTS

Mr. HUMPHREY submitted amendments, intended to be proposed by him, to the bill (S. 3225) to improve and protect farm income, to reduce costs of farm programs to the Federal Government, to reduce the Federal Government's excessive stocks of agricultural commodities, to maintain reasonable and stable prices of agricultural commodities and products to consumers, to provide adequate supplies of agricultural commodities for domestic and foreign needs, to conserve natural resources, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. CURTIS submitted an amendment, intended to be proposed by him, to Senate bill 3225, supra, which was ordered to lie on the table and to be printed.

Mr. McCARTHY submitted an amendment, intended to be proposed by him, to Senate bill 3225, supra, which was ordered to lie on the table and to be printed.

EXTENSION AND IMPROVEMENT OF PUBLIC ASSISTANCE AND CHILD WELFARE SERVICES PROGRAMS OF SOCIAL SECURITY ACT—AMENDMENTS

Mr. HARTKE submitted amendments, intended to be proposed by him, to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

NOTICE OF HEARINGS ON S. 1363 AND S. 3096, GOVERNMENT CONSTRUCTION SET-ASIDES FOR SMALL BUSINESS

Mr. PROXMIRE. Mr. President, as chairman of the Subcommittee on Small Business of the Committee on Banking and Currency, I wish to announce that the hearings previously scheduled on bills S. 1363 and S. 3096, to amend the Small Business Act to provide that the program under which Government contracts are set aside for small business shall not apply in the case of contracts for maintenance, repair, or construction,

Calendar No. 1321

87TH CONGRESS
2D SESSION

S. 2965

IN THE SENATE OF THE UNITED STATES

MAY 24, 1962

Ordered to lie on the table and to be printed

AMENDMENTS

(IN THE NATURE OF A SUBSTITUTE)

Intended to be proposed by Mr. CASE of South Dakota (for himself, Mr. COOPER, Mr. PROUTY, Mr. FONG, and Mr. BOGGS) to the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies, viz: Strike out all after the enacting clause and insert in lieu thereof the following:

1 That this Act may be cited as the "Emergency Em-
2 ployment Public Works Act of 1962".

3 FINDINGS AND PURPOSE

4 SEC. 2. The Congress finds that substantial unemploy-
5 ment and underemployment for prolonged periods of time
6 adversely affect the revenues of the Government and the
7 general welfare. The purpose of this Act is to stimulate the

1 economy at such times and in such areas by providing for
2 the acceleration of authorized Federal programs and the
3 authorization of participation in certain small public works
4 projects.

5 DECLARATION OF AREAS OF SEVERE ECONOMIC DISTRESS

6 SEC. 3. When the President finds that substantial un-
7 employment in any county of the Nation (including the
8 Commonwealth of Puerto Rico and the possessions) is
9 causing unusual and severe economic distress, he may desig-
10 nate the county as an emergency unemployment area for
11 the purpose of this Act. Upon such designation the author-
12 ity granted in sections 4 and 5 of this Act may be exercised
13 within such county to carry out the purpose of this Act
14 until the President by declaration or Congress by concur-
15 rent resolution removes such designation from such county
16 or two years expire, whichever soonest occurs.

17 ACCELERATION OF CONSTRUCTION BY FEDERAL DEPART-
18 MENTS AND AGENCIES

19 SEC. 4. (a) The head of any department or independent
20 agency of the Government which receives any appropria-
21 tions for the fiscal year beginning July 1, 1962, or July 1,
22 1963, for the construction (including reconstruction and
23 additions) by such department or agency of—

24 (1) any works of a public nature for improvement
25 of rivers and harbors and other waterways, for naviga-

1 tion, flood control, irrigation, reclamation, development
2 of hydroelectric power, or improvement of watersheds,
3 or

4 (2) any public buildings, including post offices, or
5 roads or trails in, or to provide access to, national parks,
6 national forests, Federal reservations, Indian reserva-
7 tions, or public recreation areas, or on the public domain,
8 may obligate an amount equal to 10 per centum of the total
9 such appropriations to such department or agency for each
10 such year for the construction (including reconstruction and
11 additions) in areas designated by the President under sec-
12 tion 3 of this Act of any such works, buildings, roads, or
13 trails which is authorized by law and which will promote
14 the purpose of this Act. Amounts authorized to be obligated
15 under the provisions of this section shall remain available for
16 obligation without fiscal year limitation and shall be in
17 addition to fiscal year appropriations to such department or
18 agency.

19 (b) Not more than 20 per centum of the total cost
20 of any construction project may be paid for under the
21 authorization in this section.

22 ASSISTANCE TO CERTAIN SMALL PUBLIC WORKS PROJECTS

23 SEC. 5. (a) The head of any department or independent
24 agency of the Government which is authorized by law to
25 make grants or loans to assist in financing any small public

1 works project (as defined in subsection (d) of this section)
2 may make such grants or loans, to the extent of funds appro-
3 priated to such department or agency under subsection (c),
4 for the initiation or acceleration of any such small public
5 works project which will promote the purpose of this Act
6 in areas designated by the President under section 3 of this
7 Act. Grants and loans made under the authority of this
8 section shall be in accordance with the terms and conditions
9 of other laws with respect to such grants or loans, except
10 that (1) any requirements in other laws with respect to the
11 apportionment of funds, the time in which grants or loans
12 may be made, or the aggregate dollar amounts of any grant
13 or loan for any particular project or part thereof, shall not
14 apply, and (2) if it is determined in accordance with regu-
15 lations to be established by the President that the area does
16 not have the economic and financial capacity to assume all
17 of the additional financial obligations required, the provisions
18 in other laws limiting the amount of such grant to a portion
19 of the cost of the project shall not apply but the recipient of
20 the grant shall be required to bear such portion of such cost
21 as it is able to and at least 10 per centum thereof.
22 (b) Not more than $500,000 may be obligated for
23 grants and loans under the provisions of this section for each
24 small public works project.
25 (c) There is authorized to be appropriated to carry out

1 the provisions of this section $250,000,000 for grants and
2 $250,000,000 for loans.

3 (d) For the purpose of this section the term "small pub-
4 lic works project" means the construction, repair, or improve-
5 ment of public roads on the Federal-aid secondary system
6 (including extensions into urban areas), public streets, side-
7 walks incident to street or highway construction, roadside
8 areas, parkways, access roads to recreational areas, bridges,
9 and airports; public parks, public school and other public
10 recreational facilities; public hospitals, public rehabilitation
11 and health centers, and other public health facilities; public
12 refuse, garbage, water, sewage, and sanitary facilities; civil
13 defense facilities; public police and fire protection facilities;
14 public educational facilities, laboratories, and other public
15 buildings; and public land, water, timber, fish and wildlife,
16 and other conservation facilities and measures, including
17 small watershed projects.

18 REGULATIONS

19 SEC. 6. Within the provisions hereof the President is
20 authorized to establish such regulations as may be necessary
21 to carry out the purpose of this Act.

22 APPROPRIATIONS AUTHORIZED TO LIQUIDATE OBLIGATIONS

23 SEC. 7. There are authorized to be appropriated such
24 sums as may be necessary to carry out the provisions of this
25 Act.

Amend the title so as to read: "A bill to provide authority to accelerate public works programs of the Federal Government and to authorize participation in certain small public works projects in distress areas".

Calendar No. 1321

87TH CONGRESS
2D SESSION

S. 2965

AMENDMENTS

(IN THE NATURE OF A SUBSTITUTE)

Intended to be proposed by Mr. CASE of South Dakota (for himself, Mr. COOPER, Mr. PROUTY, Mr. FONG, and Mr. BOGGS) to the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

MAY 24, 1962

Ordered to lie on the table and to be printed

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

Issued May 28, 1962
For actions of May 25, 1962
87th-2d, No. 84

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HIGHLIGHTS: Senate passed farm bill. Senate began consideration of public works acceleration bill.

SENATE

1. FARM BILL. By a vote of 42 to 38, passed with amendments S. 3225, the farm bill. pp. 8593, 8594-8, 8603-15, 8618-64

Agreed to the following amendments:

By Sen. Young, N. Dak., to strike from the wheat certificate section of the bill "the Durum program which I was successful in getting approved by Congress last year" and include Durum under the general provision of the bill for increasing allotments of kinds of wheat in short supply. pp. 8632-3

By Sen. Young, N. Dak., to amend the wheat marketing certificate program by providing that during 1963, 1964, and 1965 the Secretary could permit acreage diverted from the production of wheat to be devoted to the production of guar, seasame, safflower, sunflower, castor beans, other annual field crops for which price support is not made available, and flax, when such crops are not in surplus supply and will not be in surplus supply if permitted to be grown on the diverted acreage. p. 8633

By Sen. Mundt to permit measures to be taken for the control of erosion, in addition to measures for control of insects, weeds, etc., on diverted acreage. p. 8637

By Sen. Ellender (for Sen. Fulbright) to permit the Farmers Home Administration to make loans to fish farmers. p. 8637

By Sen. Humphrey to reconfirm the policy of Congress and "remind the Commodity Credit Corporation that in this country we have private facilities and farmer-owned facilities that ought to be utilized in marketing and in transactions relating to agricultural commodities." p. 8637

By Sen. Humphrey expressing the sense of Congress that the Secretary should utilize the services and facilities of cooperative associations of producers when he determines such action would result in more effective or economical administration of agricultural programs. p. 8637

By Sen. Hart to permit the expenditure of funds for advertising under marketing order programs for cherries. p. 8641

Rejected the following amendments:

By Sen. Proxmire, 13 to 70, to include provisions in the bill for a dairy income improvement program. pp. 8593, 8594-8, 8603-7

By Sen. McCarthy, 21 to 60, to include provisions for a dairy program which he stated "proposes the language which was adopted by the House Committee on Agriculture relating to the dairy industry, with two significant changes which are included in section 335." pp. 8607-13

By Sen. Thurmond, 17 to 65, to strike out title I of the bill relating to land-use adjustment. pp. 8614-5, 8618-22

By Sen. Williams, Del., to exclude exports, other than commercial exports for dollars, from the wheat marketing certificate plan. pp. 8638-40

Sen. Miller submitted, but later withdrew, a proposed amendment to provide that recreation programs undertaken under title I relating to land-use adjustment should be undertaken in cooperation with the Bureau of Outdoor Recreation. p. 8622

Sen. Robertson submitted, but later withdrew, a proposed amendment to authorize the President to make available to needy peoples of friendly peoples or nations in Africa and Asia surplus CCC-owned corn, barley, and grain sorghums which are excess to domestic requirements. pp. 8622-31

Sen. Carlson submitted, but later withdrew, a proposed amendment to defer from 1963 to 1964 the effective date of the certificate program for wheat. pp. 8633-5

By a vote of 43 to 40, tabled a proposed amendment by Sen. Keating to provide that no payment or agreement shall be made under title I on land-use adjustment unless the Secretary determined that any public facilities which may be developed with Federal assistance will be available to all persons without discrimination on account of race. pp. 8635-7

Sen. Humphrey submitted, but later withdrew, a proposed amendment to authorize an increase in the amount of insured loans of the Farmers Home Administration from $150,000,000 to $300,000,000. pp. 8637-8

By a vote of 43 to 40, tabled a proposed amendment by Sen. Monroney to exempt for a two-year period feed grains grown on a farm which are consumed on that farm. pp. 8641-4

2. PUBLIC WORKS. Began debate on S. 2965, to provide standby authority to accelerate public works programs. Agreed to a unanimous-consent agreement to limit debate on this bill beginning Mon., May 28. pp. 8664-5, 8667-70

Sens. Kerr and Case, S. Dak., submitted amendments intended to be proposed to this bill. pp. 8584-5

3. FOREIGN AID. Sen. Humphrey inserted an editorial and his letter to the editor concerning the proposed reduction in foreign aid to India. pp. 8585-6

this Act and the applicability thereof to other persons and circumstances shall not be affected thereby.

SEC. 406. Nothing contained herein shall be construed as authorizing sales of Commodity Credit Corporation-owned commodities, including sales against payment-in-kind certificates, other than in accordance with the provisions of section 407 of the Agricultural Act of 1949, as amended. Congress hereby reconfirms its long-standing policy of favoring the use by governmental agencies of the usual and customary channels, facilities, and arrangements of trade and commerce, and directs the Secretary of Agriculture and the Commodity Credit Corporation to the maximum extent practicable to adopt policies and procedures designed to minimize the acquisition of stocks by the Commodity Credit Corporation, to encourage orderly marketing of farm commodities through private competitive trade channels, both cooperative and noncooperative, and to obtain maximum returns in the marketplace for producers and for the Commodity Credit Corporation.

SEC. 407. It is hereby declared to be the sense of the Congress that the Secretary of Agriculture should, whenever he determines such action will result in more effective or more economical administration of this or any other Act administered by him, utilize the services and facilities of farmer-owned, farmer-managed associations of producers, and accord such associations no less favorable treatment under any such Act than that accorded individual producers or farmers.

TITLE V—INDUSTRIAL USES OF AGRICULTURAL PRODUCTS

Declarations and findings

SEC. 501. The Congress of the United States hereby makes the following declarations and findings concerning the development of new and improved uses for farm products, new crops to replace those now in surplus, and the disposal of surplus commodities owned by the Government:

(a) Farms in the United States have a capacity to produce more farm products than can now be marketed at prices that will return sufficient incomes to farmers to maintain an efficient and progressive agricultural industry;

(b) A prosperous agriculture will contribute immensely to national welfare by efficient production of needed food, feed, and fiber by provision of raw materials for the transportation and processing industries, by purchases of production supplies, and by its contribution to maintenance of a balanced and high-level national economy;

(c) National defense and security interests of the United States require protection of agricultural resources against deterioration and the maintenance of high productive capacity in order to meet possible emergency needs of the United States and other friendly nations;

(d) Basic research in agricultural products and their uses is essential in any long-range program of benefit to agriculture;

(e) Research programs to develop new and improved uses for farm products and new farm products have potentialities for providing outlets for a larger volume of farm production and greater stability of the prices of farm commodities;

(f) Public and private research agencies, including the Departments of Agriculture and Commerce, the land-grant colleges, other universities and research institutions, as well as private firms, can and should be utilized for an all-out attack on development of new and improved uses, and new and extended markets and outlets for farm products and byproducts. Research, pilot plant, development and trial commercialization work and corollary economic and related studies should be devoted to the expansion of industrial uses for agricultural commodities in surplus, and to any food and feed uses and replacement crops that can make substantial contributions toward the solution of the surplus problem. Facilities should be established as needed to permit adequate experimentation and testing, and production and market development, of promising new uses and new products;

(g) Development of new and improved industrial and other uses of farm products and new farm products and new and extended markets and outlets for farm products and byproducts will enlarge income opportunities for farmers. It also will reduce Government costs for acquisition, storage, and ultimate disposition of commodities now in surplus;

(h) Disposition of a portion of the surplus stocks of the Commodity Credit Corporation through industrial channels for new or byproduct uses, so that the carryover of any commodity beyond the needs of the Nation can be reduced, will have a stabilizing effect on the market prices for farm commodities.

Agricultural research and industrial use administration

SEC. 502. There is created and established in the Department of Agriculture an agency of the United States to be known as the Agricultural Research and Industrial Use Administration, all of the powers of which shall be exercised by an Administrator, under the general direction and supervision of the Secretary of Agriculture, who shall be appointed by the President, by and with the advice and consent of the Senate, for a term of six years and who shall receive basic compensation at the rate of $20,000 per annum. The duties of this agency shall be to coordinate and expedite efforts to develop, through research, new industrial uses, and increased use under existing processes, of agricultural products; to develop new replacement crops; and to reduce the stocks of commodities owned by the Commodity Credit Corporation.

Salaries

SEC. 503. The positions of the three Deputy Administrators of the agency shall be in grade GS–18 of the General Schedule established by the Classification Act of 1949, as amended. Such positions shall be in addition to the number of positions authorized to be placed in such grade by section 505(b) of such Act. The agency is authorized to fix the compensation, notwithstanding other provisions of law, for not more than ten positions which require the services of especially qualified scientific or professional personnel: *Provided,* That the rates of basic compensation for positions established pursuant to this provision shall not exceed the maximum payable under the Act of August 1, 1947 (61 Stat. 715), as amended and supplemented. The agency may appoint and fix the compensation of any technically qualified person, firm, or organization by contract or otherwise on a temporary basis and for a term not to exceed six months in any fiscal year to perform research, technical, or other special services, without regard to the civil service laws or the Classification Act of 1949, as amended.

Powers and duties

SEC. 504. The agency shall have power and authority, within the limits of the funds made available to it, to coordinate and expedite activities toward research, pilot plant, development, trial commercialization, and industrial uses, with Federal and State Governments, educational institutions, private research organizations, trade associations, individuals, and industrial corporations in expanding the industrial utilization of the products of farm and forest and the development of new crops. In the discharge of these duties, the agency is authorized to:

(a) Make use of the facilities of the Department of Agriculture and other Federal departments and agencies, land-grant institutions, and experiment stations. The agency shall utilize existing facilities owned or controlled by the Federal Government to the greatest extent practicable, including pilot plants, regional laboratories, and other facilities and equipment, and is authorized to utilize authority now available to the Secretary of Agriculture under existing law;

(b) Make grants, for periods not to exceed five years duration, to State agricultural experiment stations, colleges, universities, and other research institutions and individuals;

(c) Contract with foreign individuals, organizations, institutions of learning, or private corporations where payment can be made in foreign currency accumulated under Public Law 480, Eighty-third Congress. The agency is hereby authorized to utilize such foreign currencies notwithstanding other provisions of law requiring reimbursement;

(d) Make contracts or cooperative arrangements in the manner provided by sections 10(a) and 205 of the Act of August 14, 1946 (7 U.S.C. 427i, 1624), including contracts and agreements providing for the commercialization, market acceptance, and the economic feasibility of industrial utilization in the competitive market for agricultural products and processes with respect thereto;

(e) Extend suitable incentives to farmers or to industry to hasten the establishment of a new crop or of a new industrial use, where such appear likely to lead to durable additional markets;

(f) Direct the Commodity Credit Corporation to make delivery of any of its stocks of commodities to agencies of the Government, persons, or corporations designated by the agency where such stocks are to be used for (1) research, (2) pilot plant operation, (3) trial commercialization, (4) export of manufactured products, or (5) new or byproduct uses. The Commodity Credit Corporation, with respect to commodities thus requisitioned by the agency, shall pay necessary handling and delivery charges to the destination directed by the agency. Such sums of money as the agency shall receive, of any, on such transfers of commodities, shall be turned over to the Commodity Credit Corporation;

(g) Make contracts or leases for the private operation of any property or facilities transferred from another Government agency pursuant to this title or other legislative authority;

(h) Make loans or grants to those with whom contracts or other arrangements are entered into, for the purpose of providing assistance in the acquisition or expansion of facilities and equipment for research or development activities;

(i) Provide in all contracts for the disposition of inventions produced thereunder in a manner calculated to protect the public interest and the equities of the individual or organization with which the contract or other arrangement is executed: *Provided, however,* That nothing herein shall be construed to authorize the agency to enter into any contractual or other arrangement inconsistent with any provision of law affecting the issuance or use of patents;

(j) Grant exclusive licenses with or without payment of royalty for a fixed period of not to exceed five years for the use of patents under the control of the Department of Agriculture;

(k) Pay incentive awards to private citizens for suitable and acceptable suggestions to implement the program established by this title, such payments to be made in accordance with previously published rules stating the amounts of, criteria for determining, and subjects of, such awards; and

(l) Test production procedures on a commercial basis, maintain and operate manufacturing facilities where necessary to prove

the commercial feasibility of volume production and to build, purchase, or lease plant facilities, or necessary equipment suitable for manufacturing needs.

Transfer of Government plants

SEC. 505. Notwithstanding any other provision of law, any Government agency holding any Government-owned facility useful in the program authorized by this title is authorized to transfer such facility to the agency, for use in the program, if requested to do so by the agency: *Provided,* That such transfer has the approval of the Director of the Bureau of the Budget. The agency is authorized to exercise, with respect to the facilities transferred, all of the authority vested in the agencies transferring such facilities. At the time of such transfer, funds and personnel related to the operation or administrations of such facilities, shall, with the approval of the Director of the Bureau of the Budget, also be transferred to the agency.

Definition of "agricultural products"

SEC. 506. The terms "agricultural products" and "farm and forest products" as used in this title shall have the same meaning as the term "agricultural products" in section 207 of the Act of August 14, 1946 (7 U.S.C. 1626).

Annual report

SEC. 507. The Administrator shall present annually to the Congress not later than the 20th day of January in each year a full report of his activities under this title.

Savings provision

SEC. 508. The authorities under this title are in addition to and not in substitution for authorities otherwise available under existing law.

Appropriations

SEC. 509. There is hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

Mr. ELLENDER. Madam President, I move to reconsider the vote by which the bill was passed.

Mr. HUMPHREY. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ELLENDER. Madam President, I ask unanimous consent that the bill be printed as passed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEATING. Madam President, there was some confusion during the debate. I certainly do not want to be unfair to the Secretary of Agriculture. It was stated in the debate that the general counsel of the Agriculture Department had advised a staff member that there was nothing in title I of the bill which would expressly provide either for integrated or segregated facilities.

I immediately sent a telegram to the Secretary of Agriculture expressing my disappointment in that decision. I have just received a telephone call from the general counsel of the Department of Agriculture saying that, while the law is silent, it has been announced to be the policy of the Secretary of Agriculture that no Federal funds will be allotted under title I for any except integrated facilities.

I commend the Secretary of Agriculture for the action he has taken.

Mr. HUMPHREY. Madam President, will the Senator yield?

Mr. KEATING. I yield.

Mr. HUMPHREY. I join in that commendation.

LEAVE OF ABSENCE

Mr. DIRKSEN. Madam President, I ask unanimous consent that the distinguished Senator from Colorado [Mr. ALLOTT] be excused for an indefinite period from attendance on the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS

Mr. JAVITS obtained the floor.

Mr. MANSFIELD. Madam President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. MANSFIELD. Madam President, I move that the Senate proceed to the consideration of Calendar No. 1321, S. 2965, and that it be laid before the Senate and made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana to proceed to the consideration of the bill.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Public Works with amendments.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Madam President, following the announcement made prior to the vote on the question of passage of the farm bill, as to the intention of the combined leadership to offer a unanimous-consent agreement, I now send to the desk and ask to have read a proposed unanimous-consent agreement, if my colleague from New York [Mr. JAVITS] and my other colleagues of the Senate will permit me to do so.

Mr. JAVITS. Madam President, I ask unanimous consent that I may yield for that purpose without losing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered.

The proposed unanimous-consent agreement will be stated for the information of the Senate.

The legislative clerk read as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Monday, May 28, 1962, beginning at 10 a.m., the Senate proceed to the consideration of the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies; that debate on the substitute amendments intended to be proposed by Mr. CASE of South Dakota (for himself, Mr. COOPER, Mr. PROUTY, Mr. FONG, and Mr. BOGGS), numbered "5-24-62-A," shall then be proceeded with and limited to 2 hours, to be equally divided and controlled by him and the majority leader: *Provided further,* That there shall be 2 hours available on the Prouty substitute, if offered, and debate on the Prouty amendment shall be controlled equally by the mover and the majority leader; and that debate on any other amendment (including any amendment that may be offered to the Case amendments), motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided,* That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 5 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided,* That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement?

Mr. KERR. Madam President, reserving the right to object, how much time would be allocated for consideration of the bill?

Mr. MANSFIELD. Five hours. There would be more time, if needed.

Mr. KERR. More than the 5 hours?

Mr. MANSFIELD. If needed, yes.

Mr. KERR. With that understanding, I do not object.

Mr. SYMINGTON. Madam President, reserving the right to object, is it planned to have a vote on the bill on Monday?

Mr. MANSFIELD. Yes.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. JAVITS. The Senator from Oklahoma [Mr. MONRONEY] and I have a commitment to attend ceremonies at the opening of an air terminal in New York at 11 o'clock on Monday morning. Does the Senator from Montana have any idea whether there will be any votes before 1:30 in the afternoon?

Mr. MANSFIELD. I doubt it. I could not give the Senator an ironclad guarantee, but I doubt it.

Mr. JAVITS. I thank the Senator.

Mr. CAPEHART. Madam President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. CAPEHART. Is it the intention that a motion will be made to eliminate the portion of the bill which would provide for financing through housing funds and other funds?

Mr. MANSFIELD. As I understand the situation, the Senator's statement is correct.

Mr. CAPEHART. That language has been eliminated, and it will be a straight authorization and appropriation bill?

Mr. KERR. Madam President, I say to the distinguished Senator from Indiana that it will be the purpose of the Senator from Oklahoma, in handling the bill, as soon as the request with respect to the unanimous-consent agreement is acted upon, to offer an amendment to the bill, for himself and certain other members of the committee, one part of which would include the elimination of all financing with reference to the proj-

ects or programs provided for in the bill, except through regular authorizations and appropriations.

Mr. CAPEHART. I thank the able Senator.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement?

Mr. HRUSKA. Madam President, reserving the right to object—and I shall not object—it is my information that the Senator from South Dakota [Mr. CASE] intends to offer a substitute amendment which would be even a little more restrictive than the proposal to be made by the Senator from Oklahoma.

I further state, Madam President, that for some time I have been casting a baleful eye, as it were, upon the unanimous-consent agreements to limit debate, which we have had before us from time to time—and I think justly so.

There is a good possibility that the vote upon the last measure upon which the Senate voted might have been different in final result had the vote come next Monday or next Tuesday rather than today. I think it should be brought to the attention of the Senate that we should take the requests for limitation of debate a little more seriously than we have, for that reason.

However, under the circumstances and conditions which are contained in the request for a limitation of debate with respect to the public works bill, I shall not interpose objection to this particular request.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement? The Chair hears none; and, without objection, the proposed unanimous-consent agreement is agreed to.

Mr. HUMPHREY subsequently said: Madam President, since the order for convening on Monday specifies the hour of 10:30, I ask unanimous consent that the unanimous-consent agreement be amended to read 10:30 instead of 10.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The unanimous-consent agreement, as subsequently reduced to writing, is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Monday, May 28, 1962, beginning at 10:30 a.m., the Senate proceed to the consideration of the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies; that debate on the substitute amendments intended to be proposed by Mr. CASE of South Dakota (for himself, Mr. COOPER, Mr. PROUTY, Mr. FONG, and Mr. BOGGS), numbered "5-24-62—A," shall then be proceeded with and limited to 2 hours, to be equally divided and controlled by him and the majority leader; *Provided further*, That there shall be 2 hours available on the Prouty substitute, if offered, and debate on the Prouty amendment shall be controlled equally by the mover and the majority leader; and that debate on any other amendment (including any amendment that may be offered to the Case amendments), motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 5 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

ORDER FOR RECESS UNTIL 10:30 A.M. ON MONDAY NEXT

Mr. MANSFIELD. Madam President, with the further indulgence of the Senator from New York, I ask unanimous consent that when the Senate concludes its deliberations this evening it stand in recess until 10:30 o'clock a.m. on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE MEETING DURING SENATE SESSION ON MONDAY NEXT

Mr. MANSFIELD. Madam President, I ask unanimous consent that on Monday next, during the session of the Senate, the Committee on Government Operations, the chairman of which is the distinguished Senator from Arkansas [Mr. MCCLELLAN], may be allowed to meet.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. Madam President, I renew my objection to all other committee meetings on Monday, with the exception of the committee which has been granted consent. If the Senate is to consider the public works bill, in the hope that debate can be encompassed in 1 day, I believe Senators ought to be in the Chamber, so I must publish my objection now to meetings by all other committees on Monday.

Mr. KERR. What committee was granted permission to meet?

Mr. DIRKSEN. The Committee on Government Operations.

ORDER OF BUSINESS

Mr. KERR. Madam President, will the Senator from New York yield for a question?

Mr. JAVITS. I yield to my colleague from Oklahoma.

Mr. KERR. Does the Senator from New York intend to discuss the bill before the Senate, or some other matter, for some time?

Mr. JAVITS. I intend to speak for only a few minutes.

MEDICARE

Mr. JAVITS. Madam President, I have repeatedly maintained that the Congress must act at this session on health care for the aging legislation, and that it is up to the administration to decide whether it wants law or an issue.

I am looking for a law this year, and I am determined to do my best to help to get one. This will require some votes from the Republican side of the aisle and I believe the administration can get Republican help if it is ready to reconcile the views of some who have modifications of the King-Anderson bill. That bill needs to be improved by providing at a minimum freedom of choice, increased flexibility of benefits, extension of coverage to those not under social security and an option to continue in a cooperative or private health care plan.

The view that a "no compromise" stand by the President would postpone congressional action is emphasized by the eminent news commentator Arthur Krock in the New York Times of May 22. I ask unanimous consent to have printed in the RECORD his remarks entitled "Part of the Record of Medicare Misinformation."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PART OF THE RECORD OF MEDICARE MISINFORMATION

(By Arthur Krock)

WASHINGTON, May 21.—In his passionate advocacy of the intact King-Anderson bill for a compulsory system of Government health insurance for citizens over 65 years of age, President Kennedy complained that much of the opposition to this measure was created by misinformation. But to his elderly audience in Madison Square Garden yesterday the President contributed to the misinformation he was attacking.

His audience could not have learned from anything the President told them that sound improvements of the King-Anderson bill have been proposed and effectively presented by American leaders who have demonstrated the same concern as his over the problem involved and already have done constructive things about it. The way Mr. Kennedy presented the issue, only if the administration measure is adopted as it stands can Government even begin to ameliorate the plight of an elderly, self-reliant citizen in this situation:

"He and his wife are drawing, say, $100 a month from social security, and he has a pension from where he worked, the result of years of effort. His basic needs are taken care of. He owns his house. He has $2,500 or $3,000 in the bank. Then his wife gets sick for a long time, exhausting his savings, and perhaps those of his children as well."

The President did not exaggerate this situation, or its widespread incidence. But he did not mention the following closely connected factors:

1. The administration bill makes no provision for several millions of the 18 millions of citizens currently over 65—a mounting statistic.

2. The measure will raise from $4,800 to $5,200 the social security tax base of the children of Mr. Kennedy's typical elderly citizen who already are "too heavily burdened" to help him meet the financial burdens imposed by their mother's protracted illness.

3. The levy on these younger generations is compulsory, without regard to the facts that (A) many of its enforced beneficiaries (made so by the elimination of the "means test") are not in need of this Government subsidy; (B) that under the existing Kerr-Mills law several million persons over 65

already get medical care from Federal programs; and (C) that excellent private insurance systems to meet the general problem are rapidly growing in number.

4. Several States, notably New York, have instituted improved and State-financed medical health services for the elderly.

5. Governor Rockefeller has made constructive proposals for essential amendments of the King-Anderson legislation, and these have been generally embodied in pending substitutes offered by Senator JAVITS, of New York, and Representative LINDSAY, of New York City.

NEW YORK REPUBLICANS' PLAN

The heart of these amendments is that, though they accept the administration's fundamental of compulsory financing of medicare through the social security system, they leave beneficiaries the option to receive cash benefits which may be used in private health insurance systems. Also, the changes would protect social security reserves from further drafts by Government for other purposes by providing that (in Rockefeller's words) "a separate health insurance trust fund be established to account for the taxes received and the benefits paid [so that] the health insurance program can be made to stand on its own feet."

Governor Rockefeller, Senator Javits and Representative Lindsay are not the only persons convinced (many Democratic politicians also are) that the good medicare bill could be legislated this year if the administration would accept improvements. The "no compromise" stand of the President, and the same attitued of the American Medical Association, create an impasse which may present Mr. Kennedy with the winning political issue he appears to foresee. But almost certainly it will postpone legislative action.

Meanwhile, it can be noted that when, with an election coming on, Mr. Kennedy feels sure that the mass voting assets of a proposal far outweigh the liabilities, any faltering previously noted in his "leadership" vanishes entirely. This brings to mind what Mark Twain or somebody else once said of a newspaper: "It is fearless in its attacks, but these are only against sin, disease, and cruelty to the maneating sharks."

APPROVAL OF MODEL PENAL CODE BY THE AMERICAN LAW INSTITUTE

Mr. JAVITS. Madam President, I invite the attention of Senators to the distinguished work of the American Law Institute, which met in Washington this week, an admirable example of a voluntary association of citizens working to improve a critically important aspect of our national life. The institute, composed of the countries most respected judges, legal scholars, and practitioners, devotes itself to rationalizing and modernizing the law. It has finally adopted a uniform code of criminal justice for the United States, based upon the work of two law professors, one of New York, I am proud to say, Herbert Wechsler of Columbia University, and Louis B. Schwartz of the University of Pennsylvania. While we labor in the world to affirm and strengthen the virtues of free institutions, we make those free institutions meaningful by the wisdom with which we administer our own affairs at home.

This particular code is an extremely important contribution to jurisprudence in our Nation. I call it very markedly to the attention of Senators. I ask unanimous consent that a pertinent newspaper story and editorial upon that activity of the American Law Institute may be printed in the RECORD at this point.

There being no objection, the article and editorial were ordered to be printed in the RECORD, as follows:

[From the New York Times, May 25, 1962]

MODEL PENAL CODE IS APPROVED BY THE AMERICAN LAW INSTITUTE

(By Anthony Lewis)

WASHINGTON, May 24.—The American Law Institute gave final approval today to a model penal code that has been under preparation for 10 years.

The code is regarded by many authorities as one of the most important recent projects in legal scholarship. Even before its completion it had begun to influence the criminal law of the States and the Federal Government.

The code is intended to take a fresh look at all of criminal law—its philosophical underpinnings, its definitions of crimes, its provisions for sentencing and correction of offenders.

The principal work on the code was done by two law professors, Herbert Wechsler, of Columbia University, and Louis B. Schwartz, of the University of Pennsylvania. They received a standing ovation from institute members after the final vote on the code this afternoon.

The law institute is an association of the country's most distinguished judges, law professors, and practitioners. It works to codify and modernize the law. It has completed such other projects as a uniform commercial code that has been adopted by many States, including New York.

Under the institute's procedure, sections of a work such as the model penal code are prepared by the principal draftsmen, then debated in various committees and before the full membership at the annual meeting here in Washington. Then further drafts are written and rewritten until the language is finally approved.

The late Judge Learned Hand was one of the many eminent figures who took part, under this procedure, in the shaping of the penal code.

One of his arguments was that the criminal law should not punish any kind of sexual relations, normal or abnormal, between consenting adults in private. The institute adopted his view, and it is reflected in the code approved today.

More important probably than any single provision of the new code is its overall approach. It tries to bring a unified approach to criminal law, which has grown up in the United States by scattered and often inconsistent laws over the years.

SENTENCING PLAN REVISED

Thus, for example, maximum sentences for various felonies in New York are 2 years, 3, 4, 5, 7, 10, 15, 20, 25, 30, 40, and life—with no particular logic in the distinctions. The model code substitutes three degrees of felony for sentencing purposes.

Before defining specific crimes the code devotes more than 100 pages to such general questions as when former conviction should bar a new prosecution for the same offense, when it is permissible to use force in defense of person or property, and when a man is mentally responsible for commission of a crime.

The code's definition of what the layman calls legal insanity has won widespread approval. It says a person is not responsible for a crime if, as a result of mental disease or defect, he lacks substantial capacity to appreciate the criminality of his conduct or conform it to the law.

In addition to suggesting its own solutions to many controversial problems of criminal law, the code gives detailed reasons for its views and considers the advantages and disadvantages of other solutions.

WOULD HELP STATE'S STUDIES

The idea here—and one of the main purposes of the code—is to provide ideas and material for the reexamination of criminal law now going on in many States. New York, for one, has a commission to revise the State's entire criminal law.

In undertaking the large project of the code 10 years ago, the institute believed that most lawyers paid too little attention to criminal law, an important facet of a society. The code is an effort to meet the profession's responsibility.

The code's general thrust is to try to be more civilized and organized about invoking the State against the individual.

The definitions of particular crimes tend, therefore, to be more carefully drawn. Disorderly conduct, for example, which now can constitute almost anything the police dislike, is narrowly defined.

The code takes no position on the great question of capital punishment. But it does suggest a new procedure for imposing sentence in the States that retain the death penalty.

The jury, when there is one, would first bring in a verdict as to guilt and then, in a separate proceeding, decide whether there should be a death sentence. Unless the jury unanimously agreed that there should be, the judge could not impose the death penalty.

[From the New York Times, May 25, 1962]

MODERNIZING THE LAW

The American Law Institute, now meeting in Washington, is an admirable example of the voluntary association of citizens who work without financial reward to improve some aspect of national or local life.

The law institute, composed of the country's most respected judges, legal scholars, and practitioners, devotes itself to rationalizing and modernizing the law. Since its creation in 1923, it has drafted complete restatements of the law in such areas as torts and contracts and written a uniform commercial code that has been adopted by many States, including New York.

In the current meeting the institute is completing work on two of its most difficult and significant projects—a model penal code and a restatement of the foreign relations law of the United States. The penal code has been 10 years in the making and has already thrown new light on the philosophical and psychological bases of criminal law. The sections on insanity and obscenity, among others, have already had an impact in many courts. The American Law Institute is giving dedicated and enlightened service to the law and to the country.

DELIVERY OF WATER TO LANDS IN THIRD DIVISION, RIVERTON FEDERAL RECLAMATION PROJECT, WYOMING

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the joint resolution (S.J. Res. 151) permitting the Secretary of the Interior to continue to deliver water to lands in the Third Division, Riverton Federal reclamation project, Wyoming, which was, on page 1, lines 6 and 7, strike out "years 1962 and 1963," and insert "year 1962,".

Mr. HUMPHREY. Madam President, the amendment has been cleared by both

the majority leader and the minority leader. I move that the amendment be agreed to.

The amendment was agreed to.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS

The Senate resumed consideration of the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

Mr. KERR. Madam President, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as amended be considered as original text for the purpose of additional amendments.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, line 8, after the word "projects", to strike out "during such intervals"; in line 19, after the word "such", to strike out "periods" and insert "period"; on page 3, after line 8, to insert:

"In addition, the Congress finds that (A) certain communities and areas of the Nation are presently burdened by substantial unemployment and underemployment and have failed to share fully in the economic gains of the recovery from the recession of 1960–1961 and (B) action by the Federal Government is necessary, both to provide immediate useful work for the unemployed and underemployed in these communities and to help these communities, through improvement of their facilities, to become better places in which to live and work. It is the intent and purpose of the Congress to provide for an immediate program of assistance for capital improvements in those areas."

At the beginning of line 21, in the heading, to insert "STANDBY", and in the same line, after the word "ACCELERATION", to strike out "PERIODS" and insert "AUTHORITY"; in line 23, after "SEC. 3.", to strike out "(a)", and in the same line, after the word "proclaim", to insert "a"; in line 24, after the word "acceleration", to strike out "periods" and insert "period"; in line 25, after the word "such", to strike out "periods" and insert "period"; on page 4, line 1, after the word "Act.", to strike out "A" and insert "Such"; after line 2, to strike out:

"(1) within sixty days after the date when data compiled and published by the Department of Labor reveal that the national unemployment rate adjusted for seasonal variations and stated to the nearest one-tenth of 1 per centum of the civilian labor force, (i) has risen in three of the four, or in four of the six, most recent consecutive months for which such data are available, and (ii) has risen by not less than 1.0 percentage point measured from the month immediately preceding such four-or six-month period to the last month of the period, and".

And, in lieu thereof, to insert:

"(1) within sixty days after the date when data compiled and published by the Department of Labor reveal that the national unemployment rate adjusted for seasonal variations and stated to the nearest one-tenth of a percent of the civilian labor force has risen by 1.0 percentage point over a period of nine months or less, but not less than three months; and".

On page 5, at the beginning of line 1, to strike out "A" and insert "Such"; in line 5, after the word "exists.", to strike out "Any" and insert "Such"; at the beginning of line 7, to strike out "twelve" and insert "twenty-seven", and in the same line, after the word "unless", to strike out "extended by joint resolution of the Congress" and insert "terminated earlier as provided in the preceding sentence"; in line 10, after the word "section", to strike out "9" and insert "10"; after line 11, to strike out:

"(b) No new public works acceleration period shall be proclaimed within the six-month period immediately following the date of termination of a prior public works acceleration period."

In line 18, after the word "of", to strike out "a" and insert "the"; on page 6, line 1, after the word "section", to strike out "9" and insert "10"; in line 5, after the word "section", to strike out "9" and insert "10"; in line 7, after the word "of", to strike out "a" and insert "the"; in line 11, after the word "prescribe,", to strike out "to States, municipalities, local public bodies, and nonprofit organizations,"; in line 14, after the word "grants", to strike out "to such bodies and organizations"; in line 23, after the word "program", to insert "in the case of those projects or programs which qualify under standards established by the President applying uniformly to all similar areas,"; on page 7, line 4, after the word "program.", to insert "For the purpose of this section the term 'grant' shall be deemed to include a loan under part H of title VI of the Public Health Service Act."; in line 9, after the word "section", to strike out "9" and insert "10"; in line 13, after the word "section", to strike out "9(b)" and insert "10(b)"; in line 16, after the word "of", to strike out "a" and insert "the"; on page 8, at the beginning of line 2, to strike out "9" and insert "10"; in line 5, after the word "section", to strike out "9" and insert "10"; in line 11, after the word "of", to strike out "a" and insert "the"; in line 17, after the word "bodies,", to strike out "and nonprofit organizations" and insert "and any private or public nonprofit organization or association representing any redevelopment area, as defined in the Area Redevelopment Act"; on page 9, line 18, after the word "section", to strike out "9" and insert "10"; in line 22, after the word "section", to strike out "9" and insert "10"; on page 10, after line 7, to insert:

"IMMEDIATE AID TO AREAS OF SUBSTANTIAL UNEMPLOYMENT

"SEC. 8. (a) In areas currently designated by the Secretary of Labor as having been areas of substantial unemployment in each of at least nine of the twelve immediately preceding months, and in areas currently designated as 'redevelopment areas' pursuant to the Area Redevelopment Act, projects or programs otherwise authorized to be assisted under sections 4, 5, 6, and 7 of this Act may be assisted thereunder, with funds made available under this section, without regard to the provisions in those sections and section 3 requiring the proclamation and existence of the public works acceleration period and without regard to any limitation on the aggregate amount of funds which may be prescribed by the President for the purposes of any such section. For the purposes of this section there is hereby authorized to be appropriated the sum of $600,000,000 which may be allocated by the President among sections 4, 5, 6, and 7 of this Act.

"(b) The President shall prescribe rules, regulations, and procedures which will assure that adequate consideration is given to the relative needs of the areas eligible for assistance. In prescribing such rules, regulations, and procedures, the President shall consider among other relevant factors: (1) the severity of the rates of unemployment in eligible areas and the duration of such unemployment, and (2) the income levels of families and the extent of underemployment in eligible areas.

"(c) In the case of those projects or programs which qualify under standards established by the President applying uniformity to all similar areas, if the President determines that an area suffering unusual economic distress (because of a sustained extremely severe rate of unemployment or an extremely low level of family income and severe underemployment) does not have economic and financial capacity to assume all of the additional financial obligations required, a grant otherwise authorized pursuant to sections 5 and 6 for a project or program in such area may be made without regard to any provision of law limiting the amount of such grant to a fixed portion of the cost of the project or program, but the recipient of the grant shall be required to bear such portion of such cost as it is able to and in any event at least 10 per centum thereof."

On page 12, at the beginning of line 5, to change the section number from "8" to "9"; at the beginning of line 14, to strike out "twelve" and insert "eighteen", and in the same line, after the word "initiative", to insert a comma and "but not later than the termination of the public works acceleration period, or in the case of projects under section 8, not later than twenty-seven months after the date of enactment of this Act"; after line 23, to strike out:

"(b) not more than 12½ per centum of the funds provided for in the form of grants pursuant to sections 5 and 6 of this Act shall be made available within any one State."

And, in lieu thereof, to insert:

"(b) in the choice of projects and programs, preference shall be given to areas within States in which unemployment is above the national average or in which family income is below the national average, but assistance shall not be limited in such areas, and not more than 12½ per centum of the aggregate funds provided for projects and programs pursuant to sections 4, 5, 6, and 7 of this Act shall be made available within any one State."

On page 13, at the beginning of line 22, to change the section number from "9" to "10"; on page 14, line 2, after the word "of", to strike out "any" and insert "the"; in line 4, after the word "of", to strike out "appropriations, contract authorizations, revolving funds, and other authorizations to expend from public or corporate debt receipts available to the departments and agencies of the executive branch to be transferred to the appropriate accounts of such other departments and agencies" and insert "authorizations to expend from public debt receipts available for the Housing and Home Finance Agency, for loans to the Federal Savings and Loan Insurance Corporation, for loans to the Federal Deposit Insurance Corporation, for the purchase of obligations issued by the Federal Home Loan Banks, and for payment of the subscription of the United States to the International Bank for Reconstruction and Development, which are estimated to be in excess of the amount needed in the current fiscal year for obligation or expenditure for the purposes for which they were made available (but not the balances of trust funds), to be transferred to the appropriate accounts of any such agency or other department or agency"; on page 15, line 4, after the word "during", to strike out "any capital improvement" and insert "such public works acceleration"; at the beginning of line 16, to change the section number from "10" to "11"; at the beginning of line 22, to change the section number from "11" to "12"; on page 16, at the beginning of line 18, to change the section number from "12" to "13"; on page 17, line 3, after the word "terminate", to strike out "a" and insert "the"; at the beginning of line 5, to change the section number from "13" to "14", and in line 11, after the word "municipalities,", to strike out "or" and insert "counties, or other"; so as to make the bill read:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the 'Standby Public Works Act of 1962'.

"FINDINGS AND PURPOSE

"SEC. 2. The continuing policy and responsibility of the Federal Government is to use all practicable means, consistent with other essential considerations of national policy, to promote maximum employment, production, and purchasing power. The Congress finds that there have been periodic intervals when severe unemployment and loss of production and purchasing power have occurred and that repetition of these periods of severe unemployment and loss of production and purchasing power can be avoided, or their impact lessened, by prompt remedial action by the Federal Government as authorized in this Act. The Congress also finds that virtually every community in the Nation has a backlog of needed public works projects, and that an acceleration of these projects will not only increase employment and expenditures at a time when such action is most urgently required, but will also meet longstanding public needs, improve community services, and enhance the health and welfare of the citizens of the Nation.

"It is the purpose of this Act to provide standby authority which will enable the President to take quick and effective action to stimulate the economy by inaugurating a program of needed public works when unemployment indicators and other economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives stated above, and to provide the President in such period with authority (1) to immediately increase expenditures for direct Federal programs of public works previously authorized by law, and (2) to furnish an incentive to State and local governmental bodies to accelerate their public works programs through the initiation of projects which can be begun promptly and completed over a reasonably short period of time. It is the further intent and purpose of the Congress that departments and agencies of the Federal Government shall make advance plans for public works projects that will enable them to act promptly when the President initiates the program authorized by this Act, and that the Federal Government shall assist and encourage the States and local governmental bodies, under the provisions of existing law, to make advance plans for public works projects.

"In addition, the Congress finds that (A) certain communities and areas of the Nation are presently burdened by substantial unemployment and underemployment and have failed to share fully in the economic gains of recovery from the recession of 1960–61 and (B) action by the Federal Government is necessary, both to provide immediate useful work for the unemployed and underemployed in these communities and to help these communities, through improvement of their facilities, to become better places in which to live and work. It is the intent and purpose of the Congress to provide for an immediate program of assistance for capital improvements in those areas.

"STANDBY PUBLIC WORKS ACCELERATION AUTHORITY

"SEC. 3. The President is authorized to proclaim a public works acceleration period and exercise during such period the powers conferred upon him by this Act. Such public works acceleration period may be proclaimed—

"(1) within sixty days after the date when data compiled and published by the Department of Labor reveal that the national unemployment rate adjusted for seasonal variations and stated to the nearest one-tenth of a percent of the civilian labor force has risen by 1.0 percentage point over a period of nine months or less, but not less than three months; and

"(2) after the President has determined that existing employment and unemployment indicators and other available economic data clearly reveal that extraordinary action is needed to assure achievement of the objectives of this Act.

Such public works acceleration period shall begin on the day specified in the President's proclamation hereunder and shall terminate whenever the President finds and declares that the need for the program authorized by this Act no longer exists. Such public works acceleration period proclaimed by the President shall automatically terminate twenty-seven months after initiated unless terminated earlier as provided in the preceding sentence. No funds provided under section 10(b) shall be obligated after termination of such public works acceleration period.

"ACCELERATION OF FEDERAL PROJECTS

"SEC. 4. In addition to the authority otherwise available to him, the President, during the existence of the public works acceleration period, may for the purpose of this Act, direct the departments and agencies of the executive branch, under such rules and regulations as he may prescribe, to accelerate existing Federal public works projects and programs or to initiate new projects and programs already authorized by law. Any such department or agency may use for such projects and programs funds made available pursuant to section 10 of this Act, in amounts prescribed from time to time by the President: *Provided,* That the aggregate of all funds prescribed by the President for the purposes of this section shall not exceed the applicable limitation in section 10(b).

"ACCELERATION OF EXISTING FEDERAL GRANT PROGRAMS

"SEC. 5. During the existence of the public works acceleration period, the President may direct the departments and agencies of the executive branch to make grants, upon application and under such rules and regulations as they may prescribe to finance the initiation or acceleration of public works projects and programs for which Federal grants are authorized by the Congress and under the terms and conditions prescribed by the Congress: *Provided,* That no grant under this section shall be subject to any limitation in other laws with respect to the apportionment of funds, the time in which grants may be made, or the aggregate dollar amounts of grants for any prescribed purpose, project, or program: *And provided further,* That notwithstanding any limitation in other laws requiring a grant to be less than 50 percentum of the cost of undertaking or completing a project or program, in the case of those projects or programs which qualify under standards established by the President applying uniformly to all similar areas, grants may be made under the authority of this section which bring the total of Federal grants available for such projects or programs up to 50 per centum of the cost of undertaking or completing such project or program. For the purpose of this section the term "grant" shall be deemed to include a loan under part H of title VI of the Public Health Service Act. Any department or agency may use for projects and programs authorized under this section funds made available pursuant to section 10 of this Act, in amounts prescribed from time to time by the President: *Provided,* That the aggregate of all funds prescribed by the President for the purpose of this section shall not exceed the applicable limitation in section 10(b).

"GRANTS FOR PUBLIC WORKS PROJECTS NOT ELIGIBLE UNDER EXISTING PROGRAMS

"SEC. 6. (a) During the existence of the public works acceleration period, the Housing and Home Finance Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to make grants to States, municipalities, and local public bodies to finance the initiation or acceleration of public works projects and programs which are not eligible for grants under other Acts of Congress.

"(b) The Administrator may use for grants authorized under this section funds made available pursuant to section 10 of this Act, in amounts prescribed from time to time by the President: *Provided,* That the aggregate of all funds prescribed by the President for the purposes of this section shall not exceed the applicable limitation in section 10(b).

"(c) The amount of any grant made under the authority of this section shall not exceed 50 per centum of the cost of undertaking and completing the project or program for which the grant is made.

"FEDERAL LOANS

"SEC. 7. (a) During the existence of the public works acceleration period, the Housing and Home Finance Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to purchase the securities and obligations of, or make loans to, States, municipalities, local public bodies, and any private or public nonprofit organization or association representing any redevelopment area, as defined in the Area Redevelopment Act, which otherwise would be unable to meet their share of the cost of projects and programs for which grants have been authorized pursuant to sections 5 and 6 of this Act.

"(b) All securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other financial institutions through agreements to participate or by the purchase of participations or otherwise.

"(c) No securities or obligations shall be purchased and no loans shall be made including renewals or extensions thereof which have maturity dates in excess of forty years.

"(d) Financial assistance extended under this section shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (A) 3 per centum per annum, or (B) the total of one-half of 1 per centum per annum added to the rate of interest required to be paid on funds obtained for the purposes of this section as determined by the Secretary of the Treasury as provided under subsection (e) of this section.

"(e) The Administrator may use for loans authorized under this section funds made available pursuant to section 10 of this Act, in amounts prescribed from time to time by the President: *Provided,* That the aggregate of all funds prescribed by the President for the purposes of this section shall not exceed the applicable limitation in section 10(b): *And provided further,* That funds obtained by the Administrator for the purposes of this section shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the preceding fiscal year and adjusted to the nearest one-eighth of 1 per centum.

"IMMEDIATE AID TO AREAS OF SUBSTANTIAL UNEMPLOYMENT

"SEC. 8. (a) In areas currently designated by the Secretary of Labor as having been areas of substantial unemployment in each of at least nine of the twelve immediately

preceding months, and in areas currently designated as 'redevelopment areas' pursuant to the Area Redevelopment Act, projects or programs otherwise authorized to be assisted under sections 4, 5, 6, and 7 of this Act may be assisted thereunder, with funds made available under this section, without regard to the provisions in those sections and section 3 requiring the proclamation and existence of the public works acceleration period and without regard to any limitation on the aggregate amount of funds which may be prescribed by the President for the purposes of any such section. For the purposes of this section there is hereby authorized to be appropriated the sum of $600,000,000 which may be allocated by the President among sections 4, 5, 6, and 7 of this Act.

"(b) The President shall prescribe rules, regulations, and procedures which will assure that adequate consideration is given to the relative needs of the areas eligible for assistance. In prescribing such rules, regulations, and procedures, the President shall consider among other relevant factors: (1) the severity of the rates of unemployment in eligible areas and the duration of such unemployment, and (2) the income levels of families and the extent of underemployment in eligible areas.

"(c) In the case of those projects or programs which qualify under standards established by the President applying uniformly to all similar areas, if the President determines that an area suffering unusual economic distress (because of a sustained extremely severe rate of unemployment or an extremely low level of family income and severe underemployment) does not have economic and financial capacity to assume all of the additional financial obligations required, a grant otherwise authorized pursuant to sections 5 and 6 for a project or program in such area may be made without regard to any provision of law limiting the amount of such grant to a fixed portion of the cost of the project or program, but the recipient of the grant shall be required to bear such portion of such cost as it is able to and in any event at least 10 per centum thereof.

"RESTRICTIONS AND LIMITATIONS

"SEC. 9. The authority conferred by this Act shall be subject to the following restrictions and limitations:

"(a) No financial assistance shall be made with respect to any project or program unless the project or segment of work, to be assisted under this Act—

"(1) can be initiated or accelerated within a reasonably short period of time;

"(2) will meet an essential public need;

"(3) if initiated hereunder, can be completed within eighteen months after initiation, but not later than the termination of the public works acceleration period, or in the case of projects under section 8, not later than twenty-seven months after the date of enactment of this Act;

"(4) will contribute significantly to the reduction of unemployment; and

"(5) is not inconsistent with locally approved comprehensive plans for the jurisdictions affected, wherever such plans exist.

"(b) In the choice of projects and programs, preference shall be given to areas within States in which unemployment is above the national average or in which family income is below the national average, but assistance shall not be limited to such areas, and not more than 12½ per centum of the aggregate funds provided for projects and programs pursuant to sections 4, 5, 6, and 7 of this Act shall be made available within any one State.

"(c) Each department or agency administering financial assistance authorized by this Act shall adopt such rules, regulations, and procedures as will assure that no such assistance shall be made available to any State, municipality, local public body, or nonprofit organization unless such project or program for which the assistance is granted produces a net increase in the expenditures of the State, municipality, local public body or nonprofit organization for public works projects approximately equal to the non-Federal contribution to the project or program.

"APPROPRIATIONS AN INTERIM FINANCING

"SEC. 10. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

"(b) In order to expedite financing activities under this Act, the President may, during the existence of the public works acceleration period, cause the unobligated balances of authorizations to expend from public debt receipts available for the Housing and Home Finance Agency for loans to the Federal Savings and Loan Insurance Corporation, for loans to the Federal Deposit Insurance Corporation, for the purchase of obligations issued by the Federal Home Loan Banks, and for payment of the subscription of the United States to the International Bank for Reconstruction and Development, which are estimated to be in excess of the amount needed in the current fiscal year for obligation or expenditure for the purposes for which they were made available (but not the balances of trust funds), to be transferred to the appropriate accounts of any such agency or other department or agency in such amounts and at such times as he may deem appropriate and, notwithstanding the provisions of any other law, such transferred balances may be used for the purposes of this Act: *Provided*, That there are hereby authorized to be appropriated such amounts as may be required to restore such transferred balances not otherwise restored to the sources of funds from which they were derived: *And provided further*, That the aggregate amount of such unobligated balances transferred during such public works acceleration period shall not exceed (i) $750,000,000 for the purpose of financing projects authorized to be assisted under section 4 of this Act, (ii) $750,000,000 for the purpose of financing projects authorized to be assisted under section 5 and 6 of this Act, as allocated between said sections by the President, (iii) $250,000,000 for the purpose of financing projects authorized to be assisted under section 7 of this Act, and (iv) $250,000,000 to supplement funds available for sections 4, 5, 6, and 7 of this Act, as allocated among said sections by the President.

"ADVANCES FOR PUBLIC WORKS PLANNING

"SEC. 11. Section 702 of the Housing Act of 1954 is amended by striking out in subsection (e) 'July 1, 1961;' and the remainder of the subsection, and inserting in lieu thereof, 'July 1, 1961; and such additional sums which may be made available from year to year thereafter.'

"LABOR STANDARDS

"SEC. 12. All laborers and mechanics employed by contractors or subcontractors on projects and programs assisted under section 6 of this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. No such project or program shall be approved without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z–15), and section 3 of the Act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276c).

"DELEGATION OF POWERS

"SEC. 13. The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall specify. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such funciions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions. Nothing contained in this section shall authorize the President to delegate the power to proclaim or terminate the public works acceleration period.

"DEFINITIONS

"SEC. 14. As used in this Act—

"(a) The term 'State' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

"(b) The term 'local public body' includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities, counties, or other political subdivisions of States; Indian tribes, and boards or commissions established under the laws of any State to finance specific public works projects.

"(c) The term 'public works' includes the construction, repair, and improvement of: public streets, sidewalks, highways, parkways, bridges, parking lots, airports, and other public transportation facilities; public parks and other public recreational facilities; public hospitals, rehabilitation and health centers, and other public health facilities; public refuse and garbage disposal facilities, water, sewage, sanitary facilities, and other public utility facilities; civil defense facilities; public police and fire protection facilities; public educational facilities, libraries, museums, offices, laboratories, employee housing, and other public buildings; and public land, water, timber, fish and wildlife, and other conservation facilities and measures.

"(d) The term 'project' includes a separable, usable feature of a larger project or development.

"(e) The term 'segment of work' means a part of a program on which the work performed can be separately identified by location and will provide usable benefits or services."

Mr. KERR. Madam President, for myself and other Senators I call up our amendments to the bill, and ask unanimous consent that they be printed in the RECORD.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

On page 3, line 23, after "authorized" insert "after June 30, 1963,".

On page 4, line 20, strike out "and", and between lines 20 and 21 insert the following:

"(2) if on such date, according to such data, the total number of unemployed amounts to at least 5 per centum of the total number in the civilian labor force, with adjustments for seasonal variations; and".

On page 4, line 21, strike out "(2)" and insert in lieu thereof "(3)".

On page 5, line 10, strike out "(b)".

On page 6, line 2, beginning with the colon, strike out all to the period in line 5.

On page 6, beginning with line 24, strike out all through "projects or programs" in line 3 on page 7, and insert in lieu thereof

the following: "of any project or program of a State or local public body which qualifies under standards established by the President to apply uniformly to all similar areas, grants may be made to such State or local public body under the authority of this section which bring the total of Federal grants available for such project or program".

On page 7, line 10, beginning with the colon, strike out all to the period in line 13.

On page 8, line 3, beginning with the colon, strike out all to the period in line 5.

On page 9, line 20, beginning with "That" strike out all through *"And provided further,"* in line 23.

On page 10, line 20, beginning with "and without regard" strike out all to the period in line 22.

On page 10, line 23, beginning with "the sum" strike out all through the period in line 2 on page 11 and insert in lieu thereof a comma and the following: "to remain available until expended, the sum of $750,000,000 which may be allocated by the President among sections 4, 5, 6, and 7 of this Act, except that at least 10 per centum of any amount appropriated for the purposes of this section shall be used for such purposes with respect to projects and programs in redevelopment areas designated as such under the provisions of section 5(b) of the Area Redevelopment Act."

On page 11, line 12, after "programs" insert "of States or local public bodies".

On page 11, line 21, after "may be made" insert "to a State or local public body".

On page 13, beginning with line 21, strike out all through line 14 on page 15 and insert in lieu thereof the following:

"APPROPRIATIONS AUTHORIZED

"SEC. 10. (a) There is authorized to be appropriated for expenditure after June 30, 1963, to remain available until expended, the sum of $750,000,000 to carry out the provisions, other than section 8, of this Act.

"(b) In carrying out such provisions at least 10 per centum of any amount appropriated pursuant to subsection (a) shall be used with respect to projects and programs in redevelopment areas designated as such under the provisions of section 5(b) of the Area Redevelopment Act."

On page 17, line 19, after "public" insert "and nonprofit".

Mr. KERR. Madam President, with reference to the amendments which have just been offered and printed in the RECORD, I should like to have printed in the RECORD at this point an explanation of the changes which the amendment would make in S. 2965 and a statement with reference to what the provisions of the bill would be as amended.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

CHANGES WHICH THE PROPOSED AMENDMENT WOULD MAKE IN S. 2965, AS REPORTED

The first change would provide that the standby program would not be triggered until after June 30, 1963, whereas the bill, as reported, is silent with respect to the time when triggering could occur.

The second change would provide for the triggering of the standby program when the adjusted unemployment rate has risen by 1 percent over a period of 9 months or less, but not less than 3 months, if the total unemployment is at least 5 percent. The bill as reported had no base percentage from which to determine the basis for triggering, but left it open.

The third change increases the sum to be authorized for appropriation in fiscal year 1963 for the immediate program from $600 to $750 million. It also provides that at least 10 percent of any amount appropriated shall be used in redevelopment areas as designated under section 5(b) of the Area Redevelopment Act. The $750 million authorization would become effective immediately upon enactment of the bill.

The fourth change would authorize for appropriations for the standby program, triggered as above set forth, $750 million. All authority to spend from unobligated balances is eliminated. Utilization of borrowing authority is eliminated. It also provides that at least 10 percent of any amount appropriated shall be used on projects and programs in redevelopment areas designated under the provisions of section 5(b) of the Area Redevelopment Act. Section 5(b) generally relates to those situations where there are low income families in the rural areas, lack of employment opportunities in those areas, etc.

The bill still provides for a limitation of 12½ percent in allowable expenditures in any State, and also continues the requirements that projects must be completed within 27 months after the initiation of both the immediate and standby programs.

STATEMENT BY SENATOR KERR ON S. 2965

Senate bill 2965, if amended by the proposed amendments, would be made up of two parts, the first being an authorization for an immediate program of public works, the second being a standby program of public works which would not be triggered until after June 30, 1963.

I. The immediate program would be essentially as follows:

1. There would be authorized for appropriation $750 million, with at least 10 percent being used in rural areas of low-income families and where there is lack of employment opportunities.

2. Areas eligible would be as follows:

(a) Those areas which have had substantial unemployment for at least 9 of the 12 preceding months;

(b) Those areas designated as "redevelopment areas" under the Area Redevelopment Act;

(c) Recent studies indicate that there are 146 areas designated as redevelopment areas under section 5(a) of the Area Redevelopment Act and 778 areas (including 50 Indian reservation areas) designated as redevelopment areas under section 5(b) of the same act. There are 105 other areas not now designated as redevelopment areas which have been designated by the Secretary of Labor as areas of substantial unemployment in each of the last 12 months, and 27 other areas which have been areas of substantial unemployment in 9, 10, or 11 of the last 12 months.

3. There would be authorized an acceleration of Federal projects, Federal grant programs, grants for public works not now eligible under existing programs, such as State, county, and city buildings, waterworks, sewage collection systems, garbage disposal facilities, and other such works.

The grants would not exceed 50 percent of the cost, unless it is determined that the area is suffering unusual economic distress, then the grant could go up to 90 percent, except that such 90-percent grants would only be allowed to public bodies; others would be entitled to grants as now allowed by law. In addition, loans would be authorized to those eligible groups which would otherwise be unable to meet their share of the cost of the projects.

This program would terminate 27 months after enactment of the bill.

II. The standby public works program would be essentially as follows:

1. There would be authorized for appropriation a total of $750 million, with at least 10 percent being used in rural areas of low-income families where there is lack of employment opportunities.

2. The program would not be triggered until after June 30, 1963. The triggering would occur only when the adjusted unemployment rate has risen by 1 percent over a period of 9 months or less, but not less than 3 months, if the total national unemployment rate is at least 5 percent.

3. As in the case of the immediate program, there would be authorized an acceleration of Federal projects, Federal grant programs, grants for public works not now eligible under existing programs such as State, county and city buildings, waterworks, sewage collection systems, garbage disposal facilities and other such works. The grants in the case of this program could not exceed 50 percent to public bodies and others would continue to receive grants allowed by law.

4. This program would automatically terminate 27 months after initiation unless it is determined by the President that it should be terminated at an earlier date.

REVITALIZATION OF WORK IN UTILITY FIELDS UNDER JURISDICTION OF FEDERAL POWER COMMISSION

Mr. KEFAUVER. Mr. President, the progressive and industrious Chairman of the Federal Power Commission, Hon. Joseph C. Swidler, has been making a number of talks recently which outline the Commission's plans for revitalizing its work in utility fields within its jurisdiction.

The latest of these addresses concerns the electric power industry and was given by Chairman Swidler at the American Public Power Association convention in Puerto Rico on May 15. I ask unanimous consent that it be printed in the RECORD at this point in my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE FEDERAL POWER COMMISSION—A PROGRAM FOR THE FUTURE

(Address by Joseph C. Swidler)

Twice before I have been privileged to speak at APPA conventions, once in New Orleans and again at the Seattle meeting. On both occasions I was a practicing lawyer representing, for the most part, public and cooperative power organizations. Since then I have taken on a new line of work as a member of the Federal Power Commission. I am sure that regulatory work has its charms, which the passage of time will unfold to me, but popularity is not one of them. I was therefore delighted to receive your invitation, which I take as a gratifying testimonial to your continuing friendship and regard to me.

I am especially happy to be here because you have chosen this lovely island as the site of your convention. In my recent career as a practitioner one of my clients was a public agency which I shall not identify further than to say that it conducts an electric power business in Puerto Rico. I must confess that I would gladly have heeded its summons to come to Puerto Rico on many more occasions than it saw fit to call me.

This is the first talk I have made as a member of the Federal Power Commission to a group of electric utility executives, although I have been a member of the Commission for over 10 months. I had begun to fear that the electric utility industry considered me an authority only on natural gas matters. However, the interest of the industry in the work of the Federal Power Commission has picked up a little in recent months, and I like to think that this increased interest is a result of the Commission's new activities in carrying out its re-

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Congressional Record

PROCEEDINGS AND DEBATES OF THE 87th CONGRESS, SECOND SESSION

Vol. 108 WASHINGTON, FRIDAY, MAY 25, 1962 No. 84

House of Representatives

The House was not in session today. Its next meeting will be held on Monday, May 28, 1962, at 12 o'clock noon.

Senate

FRIDAY, MAY 25, 1962

The Senate met at 10 o'clock a.m., and was called to order by Hon. LEE METCALF, a Senator from the State of Montana.

Rev. Thomas L. Smith, pastor, First Unitarian Church, Duluth, Minn., offered the following prayer:

May we so live that we can serve well the people—shunning the cheap goals that end with provincial concern; being honest when it is easier to conform; keeping honesty as our guide.

We would be worthy of our ancestry in the crust of this earth; standing upright and proud; using the best 20th-century tools to answer 20th-century problems; growing good souls to speak truth in confidence and courage to refresh and lift. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., May 25, 1962.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. LEE METCALF, a Senator from the State of Montana, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. METCALF thereupon took the chair as Acting President pro tempore.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 3157) to repeal subsection (a) of section 8 of the Public Buildings Act of 1959, limiting the area in the District of Columbia within which sites for public buildings may be acquired, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the joint resolution (S.J. Res. 151) permitting the Secretary of the Interior to continue to deliver water to lands in the third division, Riverton Federal reclamation project, Wyoming, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed a bill (H.R. 10937) to amend the act providing for the economic and social development in the Ryukyu Islands, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 10937) to amend the act providing for the economic and social development in the Ryukyu Islands, was read twice by its title and referred to the Committee on Armed Services.

THE JOURNAL

On request of Mr. HUMPHREY, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, May 24, 1962, was dispensed with.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. HUMPHREY, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

CORRECTION OF THE RECORD

Mr. HUMPHREY. Mr. President, I wish to make a correction in the RECORD for May 24, 1962, page 8560, beginning on the fourth line of the third column, to eliminate the entire paragraph stating that in connection with the vote on the Ellender amendment, as amended, the Senator from Arkansas [Mr. FULBRIGHT] was paired with the Senator from Connecticut [Mr. BUSH].

The ACTING PRESIDENT pro tempore. The correction will be made.

PROPOSED CONCESSION CONTRACT WITHIN INDEPENDENCE NATIONAL HISTORICAL PARK

The ACTING PRESIDENT pro tempore laid before the Senate a letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed concession contract with Lumadrama Inc., within Independence National Historical Park, which, with the accompanying papers, was referred to the Committee on Interior and Insular Affairs.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the ACTING PRESIDENT pro tempore:

A resolution adopted by the State Convention of the Veterans of Foreign Wars, at Honolulu, Hawaii, protesting against any cut of the National Guard; to the Committee on Armed Services.

A resolution adopted by the City Council of the City of Hidden Hills, Calif., protesting against the enactment of legislation to provide a Federal income tax on income derived from public bonds; to the Committee on Finance.

A resolution, embodying a proclamation of the mayor of the city of Brownsville, Tex., proclaiming the month of June 1962, as Boy Scout Recognition Month; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Banking and Currency, without amendment:

S. 2876. A bill to extend the authority to insure mortgages under sections 809 and 810 of the National Housing Act, and to extend the coverage of section 810 to include persons employed at or in connection with an installation of the National Aeronautics and Space Administration or the Atomic Energy Commission (Rept. No. 1533).

By Mr. CANNON, from the Committee on Armed Services, with amendments:

H.R. 7913. An act to amend title 10, United States Code, to bring the number of cadets at the U.S. Military Academy and the U.S. Air Force Academy up to full strength (Rept. No. 1534).

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BOGGS:

S. 3346. A bill for the relief of Harold H. Senger; to the Committee on the Judiciary.

By Mr. YARBOROUGH:

S. 3347. A bill authorizing the reconstruction of the Lake Kemp Dam on the Wichita River, Tex., in the interest of flood control and allied purposes; to the Committee on Public Works.

(See the remarks of Mr. YARBOROUGH when he introduced the above bill, which appear under a separate heading.)

By Mr. CAPEHART:

S. 3348. A bill to amend title 38, United States Code, to provide for the payment of pensions to veterans of World War I; to the Committee on Finance.

By Mr. BEALL:

S. 3349. A bill to authorize the burial of the remains of Matthew A. Henson in the Arlington National Cemetery, Va.; to the Committee on Interior and Insular Affairs.

S. 3350. A bill to amend the act of August 7, 1946, relating to the District of Columbia hospital center to extend the time during which appropriations may be made for the purposes of that act; to the Committee on the District of Columbia.

By Mr. BEALL:

S.J. Res. 191. Joint resolution to designate September 17, 1962, as Antietam Day, and for other purposes; to the Committee on the Judiciary.

RESOLUTION

COMMITTEE TO REPRESENT THE SENATE AT DEDICATION OF JUSTIN SMITH MORRILL HOMESTEAD IN VERMONT AS A NATIONAL HISTORIC LANDMARK

Mr. AIKEN (for himself, Mr. COTTON, and Mr. PROUTY) submitted the following resolution (S. Res. 347); which was referred to the Committee on the Judiciary:

Whereas President John F. Kennedy on request of a joint resolution of the Congress, did proclaim, August 25, 1961, that it is fitting and proper to commemorate the centennial of the first Morrill Act, approved by President Abraham Lincoln, July 2, 1862, establishing the land grant system of colleges and universities; and

Whereas the six Governors of the New England States did jointly proclaim, September 11, 1961, endorsement of the centennial observance during the academic year 1961–1962 and the calendar year 1962 as the Morrill Land-Grant Centennial Year in New England; and

Whereas Governor R. Ray Keyser, Junior, of Vermont, did urge, by proclamation, September 12, 1961, that the citizens of Vermont honor Justin Smith Morrill; and

Whereas by resolutions and acts of the 1959 and 1961 sessions of the Vermont Legislature, a committee was appointed and funds appropriated to plan and effect suitable statewide observance of the centennial; and

Whereas citizens of Vermont and elsewhere have established the Justin Smith Morrill Foundation to restore and preserve the Morrill Homestead; and

Whereas the Vermont Centennial Committee has chosen September 9, 1962, for the day of dedication of the Justin Smith Morrill Homestead, located on the highway bearing his name, in Strafford, Vermont, as a National Historic Landmark, registered by the United States Department of the Interior: Be it

Resolved, That the Senate of the United States of America, in recognition of the long and distinguished public services of Senator Morrill, requests the President of the Senate to appoint three of its Members to represent them at these dedication ceremonies; and further

Resolved, That a copy of this resolution, when approved, be sent to each of those named therein.

RECONSTRUCTION OF LAKE KEMP DAM ON WICHITA RIVER, TEX.

Mr. YARBOROUGH. Mr. President, I introduce, for appropriate reference, a bill to authorize the reconstruction of the existing Lake Kemp Dam as recommended by the Army Engineers Board of Engineers for Rivers and Harbors in its report dated May 4, 1962. The proposed construction is needed to provide a new spillway and outlet works, and a 3-foot increase in the height of the dam at Lake Kemp. The present structure there has badly deteriorated and, I am told, is in imminent danger of failure. The new work would preserve the existing conservation benefits, and prevent about 70 percent of all expected flood losses in areas affected by runoff from the drainage basin above Lake Kemp. The estimated first cost of the reconstruction is $8,613,000, and the present plan calls for the necessary amount of participation by local people.

The bill is introduced at this time in order to expedite the consideration of this matter as it is very important that Congress authorize this much-needed structure this session. The people of Wichita Falls, Tex., are very much concerned about the inadequacies of the present structure and urgently desire that Congress take speedy action on this measure.

Wichita Falls, which had some 45,000 people in 1944, today has more than 100,000 population, and the business, residential, and industrial areas have developed rapidly. The city has had floods in 1950, 1955, and 1957, at which reservoir control was available. Without reservoir control, surveys indicate the damage to the city would have been approximately $16 million for any one of the three recent floods.

This indicates the emergency nature of the new spillway and outlet works and increase in the height of the Lake Kemp Dam.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3347) authorizing the reconstruction of the Lake Kemp Dam on the Wichita River, Tex., in the interest of flood control and allied purposes, introduced by Mr. YARBOROUGH, was received, read twice by its title, and referred to the Committee on Public Works.

EMERGENCY EMPLOYMENT PUBLIC WORKS ACT OF 1962—AMENDMENTS

Mr. KERR (for himself, Mr. CHAVEZ, Mr. MCNAMARA, Mr. RANDOLPH, Mr. YOUNG of Ohio, Mr. MUSKIE, Mr. GRUENING, Mr. MOSS, Mr. LONG of Hawaii, Mr. SMITH of Massachusetts, and Mr. METCALF) submitted amendments, intended to be proposed by them, jointly, to the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies, which were ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 3, line 23, after "authorized" insert "after June 30, 1963,".

On page 4, line 20, strike out "and", and between lines 20 and 21 insert the following:

"(2) if on such date, according to such data, the total number of unemployed amounts to at least 5 per centum of the total number in the civilian labor force, with adjustments for seasonal variations; and".

On page 4, line 21, strike out "(2)" and insert in lieu thereof "(3)".

On page 5, line 10, strike out "(b)".

On page 6, line 2, beginning with the colon, strike out all to the period in line 5.

On page 6, beginning with line 24, strike out all through "projects or programs" in line 3 on page 7, and insert in lieu thereof the following: "of any project or program of a State or local public body which qualifies under standards established by the President to apply uniformly to all similar areas, grants may be made to such State or local public body under the authority of this section which bring the total of Federal grants available for such project or program".

On page 7, line 10, beginning with the colon, strike out all to the period in line 13.

On page 8, line 3, beginning with the colon, strike out all to the period in line 5.

On page 9, line 20, beginning with "That" strike out all through *"And provided further,"* in line 23.

On page 10, line 20, beginning with "and without regard" strike out all to the period in line 22.

On page 10, line 23, beginning with "the sum" strike out all through the period in line 2 on page 11 and insert in lieu thereof a comma and the following: "to remain available until expended; the sum of $750,000,000 which may be allocated by the President among sections 4, 5, 6, and 7 of this Act, except that at least 10 per centum of any amount appropriated for the purposes of this section shall be used for such purposes with respect to projects and programs in redevelopment areas designated as such under the provisions of section 5(b) of the Area Redevelopment Act."

On page 11, line 12, after "programs" insert "of States or local public bodies".

On page 11, line 21, after "may be made" insert "to a State or local public body".

On page 13, beginning with line 21, strike out all through line 14 on page 15 and insert in lieu thereof the following:

"APPROPRIATIONS AUTHORIZED

"SEC. 10. (a) There is authorized to be appropriated for expenditure after June 30, 1963, to remain available until expended, the sum of $750,000,000 to carry out the provisions, other than section 8, of this Act.

"(b) In carrying out such provisions at least 10 per centum of any amount appropriated pursuant to subsection (a) shall be used with respect to projects and programs in redevelopment areas designated as such under the provisions of section 5(b) of the Area Redevelopment Act."

On page 17, line 19, after "public" insert "and nonprofit".

EMERGENCY EMPLOYMENT PUBLIC WORKS ACT OF 1962

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent to have printed in the body of the RECORD, during the morning hour, the text of the amendment which I have had printed in the nature of a substitute for S. 2965. I ask this because I have been told it is possible that the so-called emergency public works bill may be before the Senate for consideration on Monday next. Last night I asked to have the amendment printed for the information of Senators. If the bill is to be considered on Monday, I think it would be useful to have, for ready reference by every Senator, a copy of the text of the substitute amendment in the RECORD. Therefore, I ask unanimous consent that it may be printed.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from South Dakota?

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

Strike out all after the enacting clause and insert in lieu thereof the following: "That this Act may be cited as the 'Emergency Employment Public Works Act of 1962'.

"FINDINGS AND PURPOSE

"SEC. 2. The Congress finds that substantial unemployment and underemployment for prolonged periods of time adversely affect the revenues of the Government and the general welfare. The purpose of this Act is to stimulate the economy at such times and in such areas by providing for the acceleration of authorized Federal programs and the authorization of participation in certain small public works projects.

"DECLARATION OF AREAS OF SEVERE ECONOMIC DISTRESS

"SEC. 3. When the President finds that substantial unemployment in any county of the Nation (including the Commonwealth of Puerto Rico and the possessions) is causing unusual and severe economic distress, he may designate the county as an emergency unemployment area for the purpose of this Act. Upon such designation the authority granted in sections 4 and 5 of this Act may be exercised within such county to carry out the purpose of this Act until the President by declaration or Congress by concurrent resolution removes such designation from such county or two years expire, whichever soonest occurs.

"ACCELERATION OF CONSTRUCTION BY FEDERAL DEPARTMENTS AND AGENCIES

"SEC. 4. (a) The head of any department or independent agency of the Government which receives any appropriations for the fiscal year beginning July 1, 1962, or July 1, 1963, for the construction (including reconstruction and additions) by such department or agency of—

"(1) any works of a public nature for improvement of rivers and harbors and other waterways, for navigation, flood control, irrigation, reclamation, development of hydroelectric power, or improvement of watersheds, or

"(2) any public buildings, including post offices, or roads or trails in, or to provide access to, national parks, national forests, Federal reservations, Indian reservations, or public recreation areas, or on the public domain,

may obligate an amount equal to 10 per centum of the total such appropriations to such department or agency for each such year for the construction (including reconstruction and additions) in areas designated by the President under section 3 of this Act of any such works, buildings, roads, or trails which is authorized by law and which will promote the purpose of this Act. Amounts authorized to be obligated under the provisions of this section shall remain available for obligation without fiscal year limitation and shall be in addition to fiscal year appropriations to such department or agency.

"(b) Not more than 20 per centum of the total cost of any construction project may be paid for under the authorization in this section.

"ASSISTANCE TO CERTAIN SMALL PUBLIC WORKS PROJECTS

"SEC. 5. (a) The head of any department or independent agency of the Government which is authorized by law to make grants or loans to assist in financing any small public works project (as defined in subsection (d) of this section) may make such grants or loans, to the extent of funds appropriated to such department or agency under subsection (c), for the initiation or acceleration of any such small public works project which will promote the purpose of this Act in areas designated by the President under section 3 of this Act. Grants and loans made under the authority of this section shall be in accordance with the terms and conditions of other laws with respect to such grants or loans, except that (1) any requirements in other laws with respect to the apportionment of funds, the time in which grants or loans may be made, or the aggregate dollar amounts of any grant or loan for any particular project or part thereof, shall not apply, and (2) if it is determined in accordance with regulations to be established by the President that the area does not have the economic and financial capacity to assume all of the additional financial obligations required, the provisions in other laws limiting the amount of such grant to a portion of the cost of the project shall not apply but the recipient of the grant shall be required to bear such portion of such cost as it is able to and at least 10 per centum thereof.

"(b) Not more than $500,000 may be obligated for grants and loans under the provisions of this section for each small public works project.

"(c) There is authorized to be appropriated to carry out the provisions of this section $250,000,000 for grants and $250,000,000 for loans.

"(d) For the purpose of this section the term 'small public works project' means the construction, repair, or improvement of public roads on the Federal-aid secondary system (including extensions into urban areas), public streets, sidewalks incident to street or highway construction, roadside areas, parkways, access roads to recreational areas, bridges, and airports; public parks, public school and other public recreational facilities; public hospitals, public rehabilitation and health centers, and other public health facilities; public refuse, garbage, water, sewage, and sanitary facilities; civil defense facilities; public police and fire protection facilities; public educational facilities, laboratories, and other public buildings; and public land, water, timber, fish and wildlife, and other conservation facilities and measures, including small watershed projects.

"REGULATIONS

"SEC. 6. Within the provisions hereof the President is authorized to establish such regulations as may be necessary to carry out the purpose of this Act.

"APPROPRIATIONS AUTHORIZED TO LIQUIDATE OBLIGATIONS

"SEC. 7. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act."

Amend the title so as to read: "A bill to provide authority to accelerate public works programs of the Federal Government and to authorize participation in certain small public works projects in distress areas."

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. RANDOLPH:

An article published in the St. Albans (W. Va.) Advertiser on April 26, 1962, entitled "U.S. Navy Presents Bronze Star Medal to William P. Pittenger."

By Mr. TALMADGE:

Column entitled "So This Is Why We Armed India?" written by Ted Lippman, published in the Atlanta (Ga.) Constitution, on May 23, 1962.

By Mr. METCALF:

Letter written by Mr. Albert M. Day, executive director, Pennsylvania Fish Commission, to Mr. Thomas Kimball, executive director, National Wildlife Federation.

By Mr. KEFAUVER:

Article entitled "We Support Trade Program," published in the Hearst newspapers May 20, 1962, relating to support of the administration's participation in the Common Market.

Article entitled "Who Should Reap Satellite Benefit?" by Marquis Childs, relating to the ownership of the space satellite communications system.

AID TO INDIA

Mr. HUMPHREY. Mr. President, recently I was the recipient of an editorial relating to economic assistance to India. The editorial was published in the Wall Street Journal. I ask unanimous consent that the editorial and a copy of my reply to the editor be printed at this point in the RECORD.

There being no objection, the editorial and the letter were ordered to be printed in the RECORD, as follows:

A COUPLE OF AID CLICHES

When the Senate Foreign Relations Committee voted to cut aid to India 25 percent, there was prompt denunciation of the move from some quarters. And perhaps Minnesota's Senator HUMPHREY and other critics of the cut will succeed in getting it reversed in the committee or on the Senate floor.

Whatever finally happens, we think Mr. HUMPHREY's arguments for restoring the full aid—roughly $800 million for the next fiscal year—are worth a brief look. For they reveal

a couple of cliches about foreign aid and India that have too long been taken for granted.

One of the Senator's points is that the full aid "could put the Indian third 5-year plan over the hump. Without it, the Indian plan will fail. India's dreams of overcoming the vicious circle of growing population and plummeting living standards will vanish into thin air"

This assumption that a specific amount of aid will get India on its feet is not borne out by experience. We have been aiding India for quite a while now, to the tune of billions, and the vicious circle shows no signs of disappearing.

It is far from certain that any amount of U.S. aid could perform that trick, but it is easy enough to see why our aid is not more effective. A principal reason, surely, is that it is aid to a Socialist government; among other things, this circumstance means the economy is smothered in controls and resources are inevitably misallocated.

Another stereotype displayed by Mr. HUMPHREY is related to this one. It is to the effect that the world is watching the economic race between free India and totalitarian China. Somehow it is a bit difficult to imagine the millions of downtrodden people in other backward lands eagerly waiting to choose up sides depending on the outcome of this race. Red China, at any rate, usually seems more interested in extending its hegemony by military means.

But if we do want to help India go faster than China, then again it would seem necessary to help it toward greater economic freedom rather than an economic system so similar to communism.

Meantime a cut in the aid appropriation seems perfectly reasonable. What is needed even more is a basic reexamination of some of these foreign-aid myths.

MAY 24, 1962.

The EDITOR, WALL STREET JOURNAL,
New York, N.Y.

DEAR MR. EDITOR: I have read with interest and concern your editorial of May 16, relating to U.S. economic aid to India. Since the date of your editorial the Senate Foreign Relations Committee has reversed its earlier action of sharp reduction of 30 percent in foreign aid funds to India. The committee has, on sober reflection and reexamination, directed that the funds for economic aid for India in fiscal 1963, shall not exceed that of fiscal 1962. This action assures substantial economic assistance and will permit the United States to fulfill its commitments under the terms of the consortium and other agreements.

The earlier action of the committee would have sharply retarded India's third 5-year plan. It would have violated earlier agreements made by both the Eisenhower and Kennedy administrations. It would have played directly into the hands of Krishna Menon and others who are our critics and who seek more power and influence in the political life of India.

I hold to these views despite your assertion of May 16, that our aid to underdeveloped India has been ineffective. On the contrary, India has made exemplary use of U.S. aid. Although the vicious circle of poverty and overpopulation has not disappeared, it has clearly begun to respond to treatment. Since the start of India's 25-year development program, the national income has grown 42 percent, and per capita income (held back by the burgeoning population) has climbed 16 percent above the abysmally low level of $50 per annum in 1950. Impressive gains have been registered in industrial production, education, health, and consumption levels.

India's very dependence upon foreign aid and private foreign investment has served as an incentive for scrupulous use of all external resources. The $3.1 billion worth of U.S. aid during the first decade of planning has gone directly into the Indian economy—not to Swiss banks and not to the private treasuries of dictators.

Moreover, India's 5-year plans meet the self-help criteria set by Congress and President Kennedy. They meet the hardheaded financial standards of the World Bank and the seven-nation consortium (including ourselves) which has assumed much of the external assistance burden of the third 5-year plan. Unlike many other prospective aid recipients, India has not had to be goaded into producing a rational, coherent plan for economic development. On the contrary, she has given us a clear idea in advance of where and how our money is going to be spent.

India's planned economy by no means entails stifling controls and inevitable misallocation of resources. For one thing India's socialism is pragmatic and nondoctrinaire; it is compatible with democratic freedoms and constitutional government. For another thing, state planning has brought spectacular benefits to the private sector of the Indian economy. Whereas entrepreneurs once lacked incentive and drive, they have now been shaken out of their lethargy, private funds are going to work in India where they belong and the stock market is booming. India's planners had the good sense to encourage private investment—both domestic and foreign—and to build the roads, railways, and utilities conducive to commercial health.

India has chosen to make economic and industrial progress without regimentation and without sacrifice of individual rights. Indeed, by concentrating on community development and health projects, India has not infrequently fostered the welfare of the individual at the expense of dramatic statistical gain. Unfortunately, this preference for "evolutionary" rather than "revolutionary" development has only increased India's short-term dependence upon foreign aid. Over the next 10 years approximately 20 percent of India's planned capital investment must come from non-Indian sources. If this amount is not forthcoming, India will not reach the takeoff stage of self-sustained growth soon enough to give a reasonable promise of economic and political stability. This being the case, any cut or threatened cut in American aid will have inevitable repercussions on the prospects for a democratic India in the future.

I share the concern of my colleagues about the actions of Defense Minister Krishna Menon. I deplore India's stubborn refusal to allow a plebiscite in Kashmir or to accept impartial mediation of her dispute with Pakistan. But I do not agree that an entire nation should be penalized because of our ephemeral policy differences with New Delhi. If India were in fact using our aid to build up its armed forces against Pakistan, we would have ample reason to complain. Indian defense costs, however, have dropped steadily as a proportion of the total national budget since 1956, and the recent increase in defense spending has clearly been a justified reaction to the threat of Chinese aggression from the north.

It may be a matter of indifference to some people whether free India or stumbling, totalitarian China proves itself fit for survival in the highly competitive circumstances of the 20th century. It may be that the race between freedom and totalitarianism means little or nothing to the downtrodden millions of the world. But I will wager that the rules of these downtrodden millions are watching the race and are hanging on the outcome. India is one of the few underdeveloped countries with a fighting chance to prove that self-sustained growth can be achieved without authoritarianism. Given her strategic location, her democratic instincts, her huge population, her influence in the councils of the nonalined, and her determination to succeed, we cannot let India fail through doctrinaire blindness on our own part.

Sincerely,

HUBERT H. HUMPHREY.

THE CLOTURE MOTION VOTE ON THE LITERACY TEST BILL

Mr. HUMPHREY. Mr. President, at the time of the debate on the literacy test bill and the attempt of the majority and minority leadership to have cloture imposed, I asked the Bureau of the Census, of the Department of Commerce, by letter of May 14, to send me the population statistics relating to the Senate vote on cloture.

I have received from Richard M. Scammon, Director of the Bureau of the Census, a response to my letter of May 14.

In my letter I stated:

I would be very much interested in knowing the approximate numbers of people represented by those in the Senate of the United States who voted against cloture last week, as against those who voted for cloture.

Although the vote in the Senate for cloture was less than a majority, I have an idea that the Senators voting for cloture represented an overwhelming proportion of the American people.

May I have this information as soon as possible.

I ask unanimous consent that both of these letters be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF COMMERCE,
BUREAU OF CENSUS,
Washington, D.C., May 17, 1962.

Hon. HUBERT H. HUMPHREY,
U.S. Senate, Washington, D.C.

DEAR HUBERT: In response to the request contained in your recent letter, totals have been computed on the basis of the most recent Senate vote on cloture—that of May 14.

Assigning each Senator a population figure equal to one-half his State's 1960 census population, these are the totals you requested:

	Population
46 Senators for cloture (including pairs)	111,121,000
54 Senators against cloture (including pairs)	67,439,000

Totals are rounded to the nearest thousand and voting detail as reported on page 7659 of the CONGRESSIONAL RECORD.

Sincerely,

RICHARD M. SCAMMON,
Director, Bureau of the Census.

MAY 14, 1962.

Mr. RICHARD SCAMMON,
Director, Bureau of the Census,
Washington, D.C.

DEAR MR. SCAMMON: I would be very much interested in knowing the approximate numbers of people represented by those in the Senate of the United States who voted against cloture last week, as against those who voted for cloture.

Although the vote in the Senate for cloture was less than a majority, I have an idea that the Senators voting for cloture represented an overwhelming proportion of the American people.

May I have this information as soon as possible?

With best wishes.

Sincerely,

HUBERT H. HUMPHREY.

keting quotas based upon 1 billion bushels represents a 25- to 30-percent cut, from the 55 million acre base which has previously served. And I point out the fact that this will cause severe hardship to many of the farmers in the Hi-Plains area of Colorado who have no choice of crops to produce. Factors such as the short growing season and lack of moisture make it impossible for them to turn to other crops. The livelihood of these people is in jeopardy with limitations as severe as these, and I cannot support, could not support, this wheat proposal.

A recent poll, to which 64,000 farmers across the country responded, indicated that better than 50 percent wanted the Government entirely out of agriculture and controls removed; 43 percent favored a program of land retirement, and 4 percent favored the imposition of strict controls. The farmers in my State confirm the fact that they overwhelmingly reject S. 3225 and what it represents. I agree with their view and am satisfied that the bill will not meet the needs. Accordingly, I shall vote against passage.

Mr. President, I yield back the remainder of my time.

Mr. JAVITS. Mr. President, will the Senator from Illinois yield me 1 minute, before there is a third reading of the bill?

Mr. DIRKSEN. Mr. President, under the time on the bill I yield 1 minute to the distinguished Senator from New York.

Mr. JAVITS. Mr. President, due to the fact that I had a speaking engagement away from the Chamber when the vote was taken on the motion to table the Keating amendment, I therefore was necessarily absent for the few minutes required for the vote. I now move to reconsider the vote by which the Keating amendment was tabled. I understand such a motion was not made at the time. In this manner I may vote upon the motion to reconsider and record myself accordingly. Though my vote would not have made any difference had I been in the Chamber, I feel keenly about the subject and wish to be recorded. Therefore, I move to reconsider the vote.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to table the motion to reconsider was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3225) was ordered to be engrossed for a third reading and was read the third time.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the Senator from Iowa [Mr. HICKENLOOPER].

Mr. HICKENLOOPER. Mr. President, the Senate is about to vote on what I believe is one of the most restrictive and controlling bills that has ever been attempted to be foisted upon American agriculture. We are all aware of the problems of agriculture. We are aware of the surpluses that have been produced. We are aware of the search to find some equitable and reasonable solution. But I submit that the bill would not only fail to solve a problem of agriculture, but it is deliberately designed, in my opinion, by the Cochrane-Freeman administration program, to place agriculture in one of the most severe and stringent straitjackets in which it has ever been placed. It is the opening wedge for full control.

Under the bill as amended, the Secretary of Agriculture will have the authority to set the support for corn and other feed grains, should the farmers reject the administration's feed grain program in the referendum, at any level from zero to 50 percent of parity. Since the original Kennedy-Freeman-Cochrane farm bill would have withdrawn supports completely, if the farmers rejected the program, can there be any doubt that the level of supports set for feed grains would be zero? That is the program. That was the plan originally announced. I am sure it would be carried out under the bill.

The administration proposes to go ahead with its all or nothing at all approach—the two-barrelled shotgun approach—of complete withdrawal of supports should producers reject its complete control and regimentation of feed grain production.

I think that is their intention. Whether they will do it or not, it is the threat which they hold. What kind of a choice would the farmer have? If supports were withdrawn completely, the farmer would face disaster unless he takes their practically unacceptable approach.

This same choice is offered the wheat farmer in this bill. The Secretary will again have complete discretion to set wheat supports at anywhere from 0 to 50 percent of parity. What guarantee is there that the Secretary will not set supports at 0 percent of parity when the wheat farmers reject the wheat program with all its controls and severe penalties?

And if the corn producers reject the administration's program, the administration can dump 10 million tons of corn on the market at little more than 2 percent above the current support price. Since the administration sets the support price, this sale by the administration could be as low as 2 percent of zero.

That is what they could sell the corn for if they elected not to have any support prices, and it within their power to so fix it. Frankly, I doubt that they would take support prices off entirely, but they have said that they would use the device to compel acceptance for their otherwise unacceptable program. I do not see how anyone really interested in the wheat farmer, the corn farmer, or the feed grain farmer could agree to the so-called Ellender amendment, which restored complete power, complete whimsical direction and supervision and discretion to the Secretary of Agriculture. I do not see how they could support it. In the wheat proposal, of course, there is also a dumping provision with the same kind of operation. I am merely calling attention to what we will get into in the field of agriculture.

With regard to penalties, if two-thirds of the feed-grain farmers accept the administration's feed grain program, then they must accept the controls set by the Secretary of Agriculture, whose political agents will determine just how much each farmer can grow. If the feed-grain producer harvests any extra acreage, whether intentionally or inadvertently, whether he uses it on his own farm or sells the crop, he must pay a penalty equal to 65 percent of the parity price of twice the normal production of the extra acres, under section 360(h) Ellender feed-grain amendment, adopted yesterday.

In addition, the farmer must pay another penalty of 65 percent of the parity price for the normal yield of those extra acres.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DIRKSEN. I yield 2 more minutes to the Senator.

Mr. HICKENLOOPER. In other words, the farmer is stuck with a penalty of three times the normal production of each extra acre planted. We can be sure that the enforcers of this act will decide that the extra acres are those that produce the most, of those planted, rather than the lesser producing acres. This triple penalty becomes a lien against the entire feed-grain crop of the farmer, and all producers on that farm are jointly liable, as is anyone to whom the farmer sells any of the feed-grain crop from his farm, whether from the extra acres or not.

In other words, the purchaser would be held responsible for inquiring whether the seller is in some violation or not; otherwise the purchaser might be held for the penalty. That is what we are determining when we vote on the bill. That is what we are proposing to impose upon a free agriculture in this country. I think it is an intolerable situation.

The farmer cannot even feed his own livestock without violating a Federal lien. The buyer of any feed grain from the farmer is required to collect this triple penalty, with 6 percent interest from date of harvest, or be stuck for the penalty himself. How in the world is any buyer to be able to tell whether a farmer has harvested extra acreage of feed corn, especially when most of the corn is sold on the farm? This bill will completely scare away any buyers from the farmer, and all sales will tend to be through the Government, through CCC loans, to the consumers. After all, the Government is going to be able to control market prices anyway, through its sales of CCC stocks that have in any way deteriorated, and through sale of stocks released through payment in kind certificates for diverted acres.

For that matter, how is any farmer really to tell when he has exceeded his acreage? Farms are not laid out like city blocks, so many rods this way and so many that; fields, especially of farmers who are attempting to follow conservation practices of contouring, strip-farming, terracing, grassed waterways,

and so on, which I thought the Senate wanted to encourage, are very irregular and difficult to measure accurately. Fair men often differ in those measurements. There are Senators in this very body who have told me just this week that they have had to plow up or cut down wheat stands recently because the local ASCS committeemen decided that they had overplanted their allotted acres of wheat.

I repeat, as I have said before in the debate on this subject, that probably the only ones who will really benefit from the bill will be the lawyers and accountants who will have to be hired by the farmer, the feed grain dealers, the investigators who will have to go around to see if there are violations of the act or not, and an increased number of Federal employees. Hundreds or thousands of employees will be put on the payroll of the Department of Agriculture to go around to every farmer's yard and police the activities of the farm.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. CURTIS. With reference to the welfare of our loyal friends, I would like to inquire whether one could get into court under the various delegations of power in the bill.

Mr. HICKENLOOPER. I think it would be very doubtful. The discretion given is so broad that I think it would be very doubtful.

Mr. CURTIS. Even if he could, he could not get to court in time.

Mr. HICKENLOOPER. No, he could not get into court in time. He would starve to death before he would get into court. But he might be able to get into court in some way. I could not pass on that question at the moment.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield 1 minute to the Senator from Indiana.

Mr. CAPEHART. I shall vote against the proposed legislation because it is very bad legislation. Moreover, it is very vicious legislation.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from Vermont.

Mr. AIKEN. Mr. President, before the final vote is taken, I wish to state what the result will be if the pending bill becomes law.

First. It will reduce net farm income unless a substantial subsidy is given to farmers.

Second. It will reduce employment on farms and in factories. There is no question about that.

Third. It will increase the unit cost of production, because a large part of the cost of production on farms today is the cost of the capital investment, and that remains constant regardless of the production of the farm.

Fourth. It will increase the consumer's price sharply unless a susbtantial consumer subsidy is provided by the Government.

Fifth. It will necessitate the hiring of thousands of Federal officials to police the farmers, handlers, processers, and sellers of farm commodities.

Sixth. It will greatly increase the cost of Government.

Seventh. It will decrease U.S. prestige in other countries, which has been held so high by reason of our having a bountiful supply of food with which to step in whenever they were threatened with famine or inflation.

Eighth. It will chisel away the hard-won liberties which American farmers have won over the generations at such high cost.

I hope that every Senator who votes for the bill will paste this prediction of mine on the wall alongside the mirror in his bathroom, where he can look at it every day for the next 2 years.

Although there is some offsetting good in the bill to be found in titles I and IV, the evil in it so preponderantly exceeds the good that I cannot in good conscience vote for it.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I yield myself 1 minute to ask the majority leader about the calendar for Monday and the remainder of next week.

Mr. MANSFIELD. Mr. President, at the conclusion of the vote on the bill now pending before the Senate, it is the intention of the leadership to turn to the consideration of Calendar No. 1321, S. 2965, introduced by the Senator from Pennsylvania [Mr. CLARK] and other Senators to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

After consultation with the ranking Members on both sides of the aisle on the Public Works Committee and the leadership on both sides, it was thought it might be well to consider the possibility of a unanimous-consent request being made after the pending business was disposed of and the public works legislation was before us. The reason why it was thought advisable was that it was considered that if an anouncement were made prior to the vote on the farm bill there would be a large attendance of Senators to place on notice that such a motion would be made.

Whether or not a motion of that kind will be accepted, will, of course, depend on the membership of the Senate. However, it is anticipated, with the approval of the Senate, that the leadership will ask unanimous consent to have the Senate meet at 10 o'clock on Monday morning; that there will be a time limitation having to do with the substitute to be offered by the Senator from South Dakota; that there be a time limitation on all amendments; and that there be 5 or 6 hours of debate on the bill itself.

At the appropriate time the leadership together will make that proposal to the Senate. For the time being this is notice that that will be the situation so far as further legislation is concerned.

Mr. DIRKSEN. By way of supplementing what the distinguished majority leader has said, virtually all the minority members of the Public Works Committee were at the meeting this afternoon in my office; also present were the majority leader and the chairman of the Public Works Committee.

It was thought that 2 hours would be ample time to devote to the substitute that might be proposed by the Senator from Vermont [Mr. PROUTY]; 2 hours to the substitute to be proposed by the Senator from South Dakota [Mr. CASE]; 1 hour to a kind of package substitute, which the chairman would offer; 1 hour on all other amendments; and 5 hours on the bill.

It was thought that that might be adequate time in which to ventilate all the issues involved.

So the measure comes before the Senate through the majority leader by way of general agreement on the part of virtually all the minority members on the committee.

I yield 3 minutes to the Senator from South Dakota.

FOOD AND AGRICULTURE ACT OF 1962

The Senate resumed the consideration of the bill (S. 3225) to improve and protect farm income, to reduce costs of farm programs to the Federal Government, to reduce the Federal Government's excessive stocks of agricultural commodities, to maintain reasonable and stable prices of agricultural commodities and products to consumers, to provide adequate supplies of agricultural commodities for domestic and foreign needs, to conserve natural resources, and for other purposes.

Mr. MUNDT. Mr. President, it has been a long time since I have felt compelled to vote against a farm bill in Congress. However, I shall vote against the pending bill. It has some titles which appeal to me. I favor the functions of title I, as they have been modified by our committee; title IV; and title V.

While the Senate, in its wisdom in a rollcall vote failed to advise the administration that the recreational facilities set up under title I should be made available to people regardless of race or color, I am convinced that equity will prevail and, if necessary, the courts will hold that of course what the recreational areas we provide in title I shall be available all over the country for all citizens regardless of race, creed, or color, as indeed they should be. When we collect money from the taxpayers as a whole with which to set up a public project, obviously the benefits of that project must be made available to every American citizen. I favor that and this bill provides for integrated recreational areas in the South. Even some of our southern friends are voting for that.

I favor the provisions of title IV.

In the final analysis, I believe that title V will be one of the important permanent contributions to a solution of the farm problem. Were the rest of the legislation not so bad, title V alone would induce me to vote for it. Since it serves to promote industrial uses for farm products.

However, when it is proposed to deny to the wheat farmers of America the right of free choice between two work-

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

Issued May 29, 1962
For actions of May 28, 1962
87th-2d, No. 85

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HIGHLIGHTS: Senate passed public works appropriation bill.

SENATE

1. PUBLIC WORKS. By a vote of 44 to 32, passed with amendments S. 2965, to provide standby authority to accelerate public works programs. pp. 8688-8721, 8722-37

Agreed to the following amendments:

By Sen. Kerr to provide that the standby public works program would not be triggered until after June 30, 1963, to increase the sum to be authorized for appropriation in fiscal year 1963 for the immediate program from $600 to $750 million, to authorize $750 million appropriations for the standby program triggered after June 30, 1963, and to provide that 10 percent of these amounts shall be used in rural areas of low-income families and where there is lack of employment opportunities. pp. 8688-8718

By Sen. Robertson, 70 to 4, to strike out the section of the bill to authorize appropriations to carry out the standby provisions of the bill and to permit the President during the public works acceleration period to transfer to the appropriate accounts of any department or agency balances of authorizations to expend from public debt receipts available for certain designated agencies. pp. 8690-8709

By Sen. Prouty to provide that not more than 30 percent of the funds authorized to be appropriated shall be used for grants for public works projects not eligible for grants under existing programs. p. 8724

Rejected the following amendments:

By Sen. Case, S. Dak., 33 to 43, which was in the nature of a substitute for the committee bill and would have provided for smaller authorizations for the program. pp. 8718-24

By Sen. Cooper, 34 to 44, which he stated "differs from the Kerr amendment in that my amendment would require that the full $750 million be spent upon local projects -- small projects in communities, the types of projects which are not now eligible for Federal aid." pp. 8724-8

2. FARM PROGRAM. Attached to this Digest is a summary of S. 3225, the farm bill, as passed by the Senate. The summary was prepared by staff of the Senate Agriculture and Forestry Committee.

Sen. Moss inserted an article, "The Sleeper Awakes," which discusses the farm bill as passed by the Senate, saying, "one of the most intractable, long-established national problems seems to be on the way to solution." pp. 8745-6

Sen. Mundt inserted an article, "Moving Products Instead of Farmers," supporting increased research on industrial uses for agricultural production. p. 8750

Sen. Proxmire discussed the farm bill and criticized the coverage of the Senate debate by the American press. pp. 8751-2

3. FISH FLOUR. Sen. Douglas discussed the fishing industry and said, "I am confident that America will rise to the challenge of producing from oceans the vast stores of potential food which they hold and which mankind needs." p. 8752

4. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the calendar will be called on Tues., May 29. p. 8736

HOUSE

5. APPROPRIATIONS. Conferees were appointed on H. R. 11038, the second supplemental appropriation bill, and the conferees were granted until midnight, May 28, to file a conference report. Senate conferees have already been appointed. p. 8681

6. PERSONNEL. Both Houses received from the Civil Service Commission a proposed bill "to define the term 'child' for lump-sum payment purposes under the Civil Service Retirement Act"; to Post Office and Civil Service Committees. pp. 8686, 8738

7. TAXATION. The Ways and Means Committee reported on May 26 (during adjournment of the House) without amendment H. R. 11879, to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates (H. Rept. 1738). p. 8686

8. COPYRIGHTS. The Judiciary Committee reported with amendment H. J. Res. 627, extending the duration of copyright protection in certain cases (H. Rept. 1742). p. 8686

9. CONTRACTS. The subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee with amendments H. R. 11405, to provide for the maintenance and repair of Government improvements under concession contracts entered into pursuant to the act of August 25, 1916. p. D415

10. ADJOURNED until Thurs., May 31. p. 8686

school libraries, and certain college and university libraries, eligible for benefits under that act, and for other purposes; to the Committee on Education and Labor.

By Mr. STAGGERS:

H.R. 11925. A bill to amend the act of March 4, 1907, to provide that the 16-hour limitation upon continuous duty for certain railroad employees shall apply to employees installing, repairing, and maintaining signal systems, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CANNON:

H.J. Res. 722. Joint resolution providing for the filling of a vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress; to the Committee on House Administration.

By Mr. ANDERSON of Illinois:

H. Res. 699. Resolution amending clause 2(a) of rule XI and clause 4 of rule XXI of the Rules of the House of Representatives; to the Committee on Rules.

By Mr. ROGERS of Texas;

H. Res. 670. Resolution providing for an investigation and study of the production, distribution, and exhibition of objectionable motion pictures and related advertising by the Committee on Interstate and Foreign Commerce, acting through a special subcommittee; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANFUSO:

H.R. 11926. A bill for the relief of Josefina Evangelista Blanco; to the Committee on the Judiciary.

By Mr. HALPERN:

H.R. 11927. A bill for the relief of Salvatore Orlando; to the Committee on the Judiciary.

By Mr. HOLIFIELD:

H.R. 11928. A bill for the relief of Salvador Munoz-Tostado; to the Committee on the Judiciary.

By Mr. O'HARA of Michigan:

H.R. 11929. A bill for the relief of George Zammit; to the Committee on the Judiciary.

H.R. 11930. A bill for the relief of Dr. Mamdouh S. Younes; to the Committee on the Judiciary.

By Mr. POWELL:

H.R. 11931. A bill for the relief of Lin Hong King also known as Tan Chow Sow; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

360. The SPEAKER presented a petition of R. M. Carpenter, city administrator, Oroville, Calif., relative to expressing opposition to Federal income taxation of interest derived from public bonds, which was referred to the Committee on the Judiciary.

Senate

(Legislative day of Friday, May 25, 1962)

MONDAY, MAY 28, 1962

The Senate met at 10:30 o'clock a.m., on the expiration of the recess, and was called to order by Hon. MAURINE B. NEUBERGER, a Senator from the State of Oregon.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O Love Divine, at the day's beginning we would lift our souls in communion with Thee, our God, who alone giveth meaning to the brief days and months and years we call life. Draw close to us, we pray, one by one, for we can do nothing worthy together unless singly we are clean and strong.

May this sacred cloister of prayer, with its daily altar where our fathers have paused, be to us a height of clear seeing and of deep believing, bringing a sense of new power, of new serenity, of new hope, for ourselves and our world.

To this end we lay before Thee our problems and our tasks, not that we may leave them here, but that we may see them in the light of Thy grace and power, and then—

Help us to spread Thy gracious reign
Till greed and hate shall cease,
And kindness dwell in human hearts
And all the earth find peace.
Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., May 28, 1962.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. MAURINE B. NEUBERGER, a Senator from the State of Oregon, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mrs. NEUBERGER thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, May 25, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

ANNOUNCEMENT OF CALENDAR CALL TOMORROW

Mr. MANSFIELD. Madam President, I announce that it is likely the Senate will have a call of the calendar at the conclusion of morning business tomorrow.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS

Mr. MANSFIELD. Madam President, there will be no morning hour. What is the pending business?

The ACTING PRESIDENT pro tempore. Under its order of Friday last, the Senate will now resume the consideration of S. 2965, providing for acceleration of public works programs, and the question is on agreeing to the amendments proposed to the bill by the Senator from Oklahoma [Mr. KERR] on behalf of the Committee on Public Works.

Debate thereon is limited to 1 hour, to be controlled by the Senator from Oklahoma [Mr. KERR] and the majority leader if he is not in favor of the committee amendments; otherwise by the minority leader for the opposition.

The Senate resumed the consideration of the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

Mr. MANSFIELD. Madam President, I suggest the absence of a quorum, and ask that the time necessary for the call of the roll not be taken out of the allotted time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 67 Leg.]

Aiken	Chavez	Hart
Bennett	Clark	Hruska
Bible	Cooper	Johnston
Boggs	Curtis	Jordan
Burdick	Dirksen	Keating
Bush	Dodd	Kerr
Byrd, W. Va.	Douglas	Lausche
Cannon	Fong	Long, Hawaii
Case, S. Dak.	Gore	Mansfield
McCarthy	Pastore	Smith, Mass.
McNamara	Pearson	Thurmond
Metcalf	Prouty	Williams, Del.
Miller	Proxmire	Yarborough
Moss	Randolph	Young, N. Dak.
Muskie	Robertson	Young, Ohio
Neuberger	Scott	

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Louisiana, [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Washington [Mr. MAGNUSON], the Senator from Alabama [Mr. SPARKMAN], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], the Senator from Georgia [Mr. TALMADGE], and the Senator from Idaho [Mr. CHURCH] are absent on official business.

I further announce that the Senator from Colorado [Mr. CARROLL], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] are necessarily absent.

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON[, the Senator from California [Mr. KUCHEL], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The ACTING PRESIDENT pro tempore. A quorum is not present.

Mr. KERR. Madam President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Oklahoma.

The motion was agreed to.

The ACTING PRESIDENT pro tempore. The Sergeant at Arms is instructed to execute the order of the Senate.

After a little delay, Mr. ANDERSON, Mr. BEALL, Mr. BYRD of Virginia, Mr. CASE of New Jersey, Mr. COTTON, Mr. DWORSHAK, Mr. EASTLAND, Mr. ENGLE, Mr. GOLDWATER, Mr. HARTKE, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. HOLLAND, Mr. HUMPHREY, Mr. JACKSON, Mr. JAVITS, Mr. KEFAUVER, Mr. LONG of Louisiana, Mr. McCLELLAN, Mr. McGEE, Mr. MONRONEY, Mr. MORSE, Mr. MORTON, Mr. MUNDT, Mr. MURPHY, Mr. PELL, Mr. RUSSELL, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. TOWER, Mr. WILEY, and Mr. WILLIAMS

of New Jersey entered the Chamber and answered to their names.

The ACTING PRESIDENT pro tempore. A quorum is present.

Mr. KERR. Madam President, I ask unanimous consent that the amendments offered by myself and other Senators be considered en bloc.

Mr. ROBERTSON and Mr. CURTIS addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Virginia is recognized.

Mr. ROBERTSON. Madam President, the Senator from Virginia, as he has said on several occasions heretofore, is very much opposed to the provision in the committee bill which would authorize what we call back-door financing to the extent of $2 billion. We are pleased that a provision of the pending amendment to the committee bill, on page 3 of the amendment, would eliminate that $2 billion of authorization. The pending amendment also would raise the amount of appropriated funds to $750 million for the immediate program, and would provide an additional $750 million for the standby program if certain things should happen.

I should like to inquire whether it would be agreeable with our distinguished colleague who is in charge of the bill, the patron in chief of the amendments, to ask that the Senate vote first on the provision on page 3 of the amendments which would take out all of the backdoor financing authority. As far as I know, every Senator will vote for that. So much of the amendments could be adopted, and then the debate could come on the remainder.

Under those circumstances I would offer no objection to having the remainder of the amendments considered en bloc.

Mr. CASE of South Dakota. Madam President, reserving the right to object, I think we would make faster progress if we would consider the amendments in three categories.

First, the amendment to which the Senator from Virginia has called attention deals with back-door financing. I think there would be no particular problem about that amendment.

There remain two other classes of amendments in the group offered by the Senator from Oklahoma. One would strike out the 12½-percent requirement as to States. That I think could not be agreed to.

Mr. KERR. Madam President, will the Senator yield?

Mr. CASE of South Dakota. The other portion would reduce the amount from the $2.6 billion in the bill as reported by the committee to a total of $1½ billion as now proposed by the Senator from Oklahoma, and probably would be agreed to as a perfecting amendment.

In due course, when the perfecting amendments are out of the way, the Senator from South Dakota expects to offer for himself and other Senators a substitute amendment which would proceed on an entirely different course.

Madam President, I yield to the Senator from Oklahoma.

Mr. KERR. The Senator said that the amendment of the Senator from Oklahoma and others would strike out the provision which would limit the expenditure of funds under the bill to not to exceed 12½ percent in any one State.

Mr. CASE of South Dakota. I referred to page 2——

Mr. KERR. I did not intend to strike them out. If I did, it was inadvertent. I intended to keep that provision intact in the bill and had not intended that the amendment that I was sponsoring should strike that provision from the bill. If it does strike it from the bill, I will eliminate that part from the amendment which I am offering, if the Senator will be so kind as to show me where it would have the stated effect.

Mr. CHAVEZ. Madam President, I am chairman of the committee, and I thank all the members of the committee for their fine cooperation. Due to my health, the fine Senator from Oklahoma [Mr. KERR] has consented to handle the bill. But I wish every member of the Committee on Public Works to have his say. The Senator from West Virginia [Mr. RANDOLPH] has contributed to what we are trying to do for the country. The Senator from South Dakota [Mr. CASE], notwithstanding the many points on which I disagree with him, has cooperated. The committee is a constructive one, and I trust my good friend from Oklahoma will continue to handle the bill for me.

Mr. KERR. Madam President, I have a statement which my good friend the Senator from New Mexico, has prepared. I shall ask the clerk to read it as soon as the parliamentary situation is cleared up.

Mr. CASE of South Dakota. Madam President, the amendments to which I alluded are those on page 2 of the print of the amendments proposed by the Senator from Oklahoma [Mr. KERR] for himself and other Senators. Beginning at line 14, on page 2, of that print the following appears:

On page 7, line 10, beginning with the colon, strike out all to the period in line 13.

That language reads: "*Provided*, That the aggregate of all funds prescribed by the President for the purpose of this section shall not exceed the applicable limitation in section 10(b)."

It seems to me that in striking out that language, the Senator from Oklahoma would clearly remove the limitation.

Again:

On page 8, line 3, beginning with the colon, strike out all to the period in line 5.

If the language stated is stricken, it seems to me that the limitation would be stricken out.

The next amendment, which is shown at line 18 of the pending group of amendments, reads as follows:

On page 9, line 20, beginning with "That" strike out all through "*And provided further*," in line 23.

Referring to page 9, the language commencing at line 20 reads as follows: "*Provided*, That the aggregate of all funds prescribed by the President for the purposes of this section shall not exceed the applicable limitation in section 10(b)."

So those three amendments proceed to strike out limitations that were in the original text.

Mr. KERR. The Senator has referred to phrases that have to do with the authorization. On page 13 of the bill, beginning with line 3, the following language appears:

(b) In the choice of projects and programs, preference shall be given to areas within States in which unemployment is above the national average or in which family income is below the national average, but assistance shall not be limited to such areas, and not more than 12½ per centum of the aggregate funds provided for projects and programs pursuant to section 4, 5, 6, and 7 of this Act shall be made available within any one State.

Mr. CASE of South Dakota. Madam President, I am not objecting to that amendment. That amendment has already been agreed to in the amendments that were agreed to en bloc. That is one of the committee amendments to the bill. But without considerable reading, cross reference and so forth, it would seem that the three amendments to which I have referred would clearly strike out limitations that were in the original bill. In addition to the three which I have cited, the one which is proposed at line 20 in the amendment group for page 10, line 20, reads as follows:

On page 10, line 20, beginning with "and without regard" strike out all to the period in line 22.

That language is as follows: "and without regard to any limitation on the aggregate amount of funds which may be prescribed by the President for the purposes of any such section."

So again an amendment is now proposed which would strike out either a limitation in the original text or in one of the amendments that was agreed to en bloc.

I recognize that some new limitation may be proposed in the language already agreed to on page 13. I have no objection to that. I believe that the limitation is in the interest of improving the bill. But I do not understand why, in the four separate amendments for pages 7, 8, 9 and 10, the limitations that were in the original bill should be eliminated.

Mr. KERR. Madam President, I understood the Senator from South Dakota to say that his objection was to the fact that the amendments offered by the Senator from Oklahoma and other Senators would strike from the bill the limitation that not more than 12½ percent of the amount provided would be spent in any one State. If there are other limitations in the committee amendments to the striking of which the Senator objects, I should be glad to discuss those with him, because it was not my intention, nor that of the other Senators, to remove from the committee bill any appropriate restrictions which the comittee had agreed to, but to conform the bill, if my amendment were agreed to, to operation on the greatly restricted basis of a

single authorization for fiscal year 1963 and another authorization for 1964, in the event that certain conditions should develop. If it is agreeable to the Senator from South Dakota, we will handle the matter referred to by the Senator from Virginia and then I shall be glad to have the opportunity to consult with the Senator from South Dakota with reference to his request.

Mr. CASE of South Dakota. Madam President, I support the suggestion of the Senator from Virginia that the Senate concur in the amendment to strike out the fuzzy financing.

Mr. KERR. In order that we may proceed on a constructive and friendly basis, I wonder if the Senator will describe the language he refers to in terms of its identification rather than his reaction to it.

Mr. CASE of South Dakota. I shall leave that to the Senator from Virginia.

Mr. ROBERTSON. I shall be glad to do so. Does the Senator mean the language that I wish to have agreed to?

Mr. KERR. I indulged in a little byplay with the Senator from South Dakota in relation to his reference to "fuzzy language."

Mr. ROBERTSON. There is no question about the language on page 13 proposed by the distinguished Senator from Oklahoma not being fuzzy. Commencing in line 11 the amendment states:

On page 13, beginning with line 21, strike out all through line 14 on page 15 and insert in lieu thereof the following:

"APPROPRIATIONS AUTHORIZED

"SEC. 10. (a) There is authorized to be appropriated for expenditure after June 30, 1963, to remain available until expended, the sum of $750,000,000 to carry out the provisions, other than section 8, of this Act."

That strikes out all of the so-called back-door financing and inserts in the bill provisions for direct appropriations.

Mr. KERR. If the request of the Senator from Virginia is that we consider the amendment to strike from the bill the provision for procurement of funds in any manner other than by authorization and appropriation, the Senator from Oklahoma is agreeable to the consideration and adoption of that part of the amendment which does that.

Mr. ROBERTSON. My point is this: Apparently every Senator is willing to vote to strike out the $2 billion of back-door financing.

To do that all we need do is adopt 2½ lines of the amendment which I have just read, as follows:

On page 13, beginning with line 21, strike out all through line 14 on page 15.

That would eliminate the back-door financing.

Mr. CASE of South Dakota. I wish to be sure that we understand what we are doing. What I am afraid of is that the suggestion would increase the $600 million to $750 million.

Mr. KERR. That is not what the Senator from Virginia has asked for. The Senator's request might eliminate the 12½ percent limitation. I believe that the suggestion of the Senator from Oklahoma would effect what the Senator from Virginia has in mind; namely, an amendment which would strike from the bill provisions for authority for spending other than by means of provisions in the amendment for direct authorization and appropriation.

Mr. ROBERTSON. That would be agreeable.

Mr. KERR. That meets the objections of the Senator from Virginia, I believe.

Mr. ROBERTSON. That is correct.

Mr. KERR. It is agreeable to the Senator from Oklahoma that that be done.

Mr. CASE of South Dakota. Was that not done by the amendments that were agreed to en bloc?

Mr. KERR. No. The amendments which were agreed to en bloc were to the bill as the bill came to the Senate, and the bill as it came to the Senate provided for $2 billion of standby authority to be obtained from certain sources and under certain conditions and in a certain manner.

Mr. ROBERTSON. That is correct.

Mr. CASE of South Dakota. Are we talking about the amendment as proposed by——

Mr. KERR. The Senator from Virginia is talking about the amendment offered by the Senator from Oklahoma and other Senators on Friday of last week, as set forth in the CONGRESSIONAL RECORD beginning at page 8669 of May 25, 1962.

Mr. CASE of South Dakota. Madam President, I should like to ask the distinguished Senator from Oklahoma which amendment it is, specifically, of the amendments in the group that he is offering, to which the Senator from Virginia refers.

Mr. KERR. I will let the Senator from Virginia answer that question.

Mr. ROBERTSON. New language will have to be drawn because, as proposed in the pending amendment, the elimination of $2 billion is tied into the insertion of new direct funds. As so succinctly stated by the Senator from Oklahoma, all we need to do is ask unanimous consent to adopt so much of his amendment as relates to the elimination of the $2 billion of funds which the committee will draw from the reserves of the FDIC, and other agencies. It has nothing to do with the authorization for a total of a billion and a half dollars.

Mr. KERR. The Senator from Virginia is correct.

Mr. ROBERTSON. It is as simple as that. If the Senator from Oklahoma asks unanimous consent that so much of the amendment, appropriately worded, be adopted, I believe there would be no objection.

Mr. CASE of South Dakota. To make this concrete, if Senators will refer to the bill as reported by the committee, S. 2965, and turn to page 13, they will find at the bottom of page 13 a paragraph headed "Appropriations and Interim Financing."

That continues over to the end of line 14 on page 15. That language is proposed to be stricken by the amendment in the group of amendments which provides:

On page 13, beginning with line 21, strike out all through line 14 on page 15 and insert in lieu thereof the following:

And so forth. I have no objection to that amendment, because it does change the $2 billion authorization for using debt receipts of the Treasury for financing public works, and converts it into an authorization for appropriations of $750 million after June 30, 1963.

The reduction from $2 billion worth of debt receipt financing, back-door financing, fuzzy financing, and converting it into an authorization for appropriation of $750 million, is desirable.

I believe that the language which was originally used in asking for unanimous consent dealt with the amendment on page 10, line 23, which would boost the $600 million to $750 million. To that I did not want to agree.

Mr. KERR. The Senator from Virginia made it very clear that he was not asking for the adoption of the language authorizing the $750 million. He made it very clear that he was asking that consideration be given, first, to that part of my amendment which eliminated the authority to finance from unobligated balances and provide a situation whereby the financing would be on the basis of authorization and appropriation. He made it very clear that he did not intend to support the amendment even after his suggestion had been complied with, if it were; but it is perfectly agreeable to the Senator from Oklahoma to comply with the request of the Senator from Virginia.

Mr. CASE of South Dakota. Madam President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. CASE of South Dakota. Is an amendment to strike and insert divisible?

The ACTING PRESIDENT pro tempore. It is not divisible.

Mr. ROBERTSON. Madam President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. ROBERTSON. The proposed unanimous-consent agreement does not involve a striking and inserting. We read from the amendment itself:

On page 13, beginning with line 21, strike out all through line 14 on page 15.

That is all there is to it.

Mr. CASE of South Dakota. The Senator goes on to say: "and insert in lieu thereof the following."

Mr. ROBERTSON. But I did not read that part of it.

Mr. CASE of South Dakota. If it will be offered thus separated, I am agreeable to it.

Mr. KERR. I repeat that it is perfectly agreeable to me to separate the amendment at this point into two parts: First, the language which would strike from the bill authority to expend from public debt receipts, and so forth, moneys designated in the bill or, for that matter, from any source other than by direct authorization and appropriation, but would leave the amendment as submitted by the Senator from Oklahoma in its entirety, with the exception that we had already acted upon, that part of it which would eliminate financing from any source other than authorization and appropriation.

Mr. CASE of South Dakota. Then I assume that if the first amendment shall be agreed to, it would be the equivalent of making the amendment read:

"On page 13, beginning with line 21, insert in lieu thereof," and would strike out the matter following.

Mr. KERR. That is correct.

Mr. CASE of South Dakota. So that would leave the question to be acted upon.

Mr. KERR. That is correct.

Mr. CASE of South Dakota subsequently said: Mr. President, I ask unanimous consent that the statement of minority views which appears at pages 19, 20, and 21 of the committee report on the bill may follow the remarks I made earlier on the history of the proposed legislation.

There being no objection, the minority views were ordered to be printed in the RECORD, as follows:

MINORITY VIEWS

We oppose the bill as reported by the committee.

The bill S. 2965, as reported with amendments, would combine a short-term program of grants for local public works in the amount of $600 million with a longer term standby program for authorized or unauthorized public works of greater magnitude in the amount of $2 billion for a total of $2,600 million to be expended under Presidential direction without specific authorization by Congress.

The $600 million for the short-term program would be provided by and subject to review by the Appropriations Committees of the Congress. The $2 billion for the standby program would be provided by giving the President authority to transfer money heretofore authorized for specific programs to those he might select.

Apart from any opinions about the need or desirability of Federal financing to provide employment, the Congress should be on notice that what is proposed here is a transfer of the power of the purse from the legislative branch of Government to the executive. The language which would do this is found in paragraph (b) of section 9 at page 11 of the bill as reported.

It will be noted that in an effort to meet this question when raised in committee, an amendment was adopted which would limit this power to certain selected unspent authorizations for funding. This should emphasize the nature of the proposal that is being made.

Originally, when this was pointed out, the language was wide open and would have permitted specific appropriations yet unobligated for such purposes as veterans hospitals, flood control projects, or heavy bombers to be transferred to the wide range of projects set forth in paragraph (b), section 9, page 10 of the bill, as introduced. Under questioning, Secretary Goldberg admitted this was possible and perhaps should be modified or restricted somewhat.

The inclusion of the "revolving funds," for instance, would have made it possible to take the money paid back by borrowers to the Farmers Home Administration into the FHA revolving fund and transfer it to the building of sidewalks in a depressed city. That did not appeal to the committee; restricted lists were asked for. They follow:

A. Selected list of estimated unobligated balances as of June 30, 1962

	Millions
International Bank for Reconstruction and Development	$5,715
HHFA, all programs	[1] 8,826
FDIC (borrowing authority)	3,000
FSLIC (borrowing authority	750
FHLS (borrowing authority)	1,000
Total	19,291

[1] Includes $2,390,000,000 of contract authority.

B. Second list of estimated unobligated balances as of June, 30, 1962 (related programs)

	Millions
HHFA, all programs	[1] $8,826
Agriculture, FHA (rural housing)	353
Federal Deposit Insurance Corporation	3,000
FSLIC (Federal Savings & Loan)	750
FHLS (Federal Home Loan Bank)	1,000
DOD military construction:	
Air Force	157
Army	87
Navy	88
Total	14,261

[1] Includes $2,390,000,000 of contract authority.

C. Third list of estimated unobligated balances (covered in bill as reported) as of June 30, 1962

	Millions
International Bank for Reconstruction and Development	$5,715
HHFA (borrowing authority)	5,416
FDIC (borrowing authority)	3,000
FSLIC (borrowing authority)	750
FHLB (borrowing authority)	1,000
Total	15,881

Examination of the lists indicates that the reverse would now be true; namely, that under any of the restricted lists, funds available for building houses in towns or cities under situations previously judged by Congress to be worthy could now be transferred to sewage disposal projects, rural drainage or flood control projects, etc. Apparently even a borrowing authority of $3 billion to underwrite the guarantees of the Federal Deposit Insurance Corporation and $750 million to secure insured savings in the FSLIC could be drawn on to fund this program.

The members who subscribe to this statement of views want the Congress and the country to realize the principle that is here involved: even as restricted in the final (C) listing, almost $16 billion worth of specific fundings could be raided by selection of the President for spending on projects not specifically otherwise authorized.

It should be borne in mind, as well, that the raid to whatever extent it is conducted either would mean the denial of some spending proposed in the current budget proposals or the addition to the spending budget of the amounts used. The budget proposed by the administration was originally "in precarious balance." The tax bill as passed by the House put it out of balance. Any additional spendings, whether by the device proposed in section 9(b) or appropriated by regular processes, would throw the budget still further out of balance. So, this is deficit spending, made easier perhaps but by the same token more insidious and menacing through the device proposed in section 9(b) of S. 2965.

The language in the bill authorizing appropriations to restore the impaired borrowing authority extends the injury.

Note that a large part of these fundings are in the category of "borrowing authority" with generally means not merely deficit financing but the so-called back-door financing, the selling of obligations by the authorized agency to the Treasury and then requiring the funds that agency borrowed on the strength of its programs to be available for transfer by the President to other programs, both authorized and not otherwise authorized.

This might be termed side-door financing or even slide-door financing—now you see it, now you don't.

Would any committee of the Congress directly agree that funds which it had made available for a well-considered program, once provided, should become subject to reappropriation by Presidential decree to programs under the jurisdiction of other committees? It does not seem possible; the thing can be done only if Members of the Congress are looking the other way or are so dazzled by the mirages of the New Frontier that they are temporarily entranced.

If some other committee were to venture to give to the President authority to take away from funds authorized by this committee for duly authorized public works projects, and transfer them to the fields of other committees, we think our committee would unanimously protest and resist. We do not think our committee under the persuasive magnetism of the President's special message of February 19 should do to other committees what it would not want done unto itself.

FRANCIS CASE.
WINSTON L. PROUTY,
HIRAM L. FONG.
J. CALEB BOGGS.
JACK MILLER.

Mr. KERR. Madam President, I ask unanimous consent that the suggestion of the Senator from Virginia [Mr. ROBERTSON], as outlined by the Senator from Oklahoma, be agreed to.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Virginia to strike out the language "on page 13, beginning with line 21, through line 14, on page 15"?

Mr. KERR. That would leave the amendment, then, with the language that is necessary to effectuate the authorization as provided for in the amendment of the Senator from Oklahoma.

Mr. DIRKSEN. Madam President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from Illinois will state it.

Mr. DIRKSEN. I want to be certain that we are confronted with a simple motion to strike language on pages 13, 14, and 15, and that the motion is not encumbered with a provision to insert.

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. DIRKSEN. It is simply a motion to strike?

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. CLARK. Madam President, who has the floor?

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma has the floor.

Mr. CLARK. Madam President, will the Senator from Oklahoma yield for a question?

Mr. WILLIAMS of Delaware. Madam President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from Delaware will state it.

Mr. WILLIAMS of Delaware. Do I correctly understand, as the agreement has been entered into, that the pending motion is: On page 13, beginning with line 21, to strike out all through line 14 on page 15?

The ACTING PRESIDENT pro tempore. The Senator from Delaware is correct.

Mr. WILLIAMS of Delaware. Madam President, on that motion, I ask for the yeas and nays.

Mr. CLARK. Madam President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania will state it.

Mr. CLARK. Do I correctly understand that the Chair has ruled that once the language beginning on page 13 and continuing to the middle of page 15 has been stricken, there will remain the following language:

Section 10 (a). There is authorized to be appropriated for expenditure after June 30, 1963, the sum of $750 million to carry out the provisions, other than section 8, of this Act.

Mr. WILLIAMS of Delaware. That language would be offered as a separate amendment. That is included in the amendment of the Senator from Oklahoma.

Mr. CLARK. I am asking the Chair for a parliamentary ruling.

The ACTING PRESIDENT pro tempore. Will the Senator from Pennsylvania state the page to which he is referring?

Mr. CLARK. Page 13. My parliamentary inquiry is: If the motion of the Senator from Virginia shall be agreed to, would the language at the bottom of page 13, starting with line 22, then read:

Section 10 (a). There is authorized to be appropriated for expenditure after June 30, 1963, the sum of $750 million to carry out the provisions, other than section 8, of this Act.

The ACTING PRESIDENT pro tempore. No, that lanugage would be removed, but would have to be reoffered.

Mr. CLARK. Madam President, a further parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania will state it.

Mr. CLARK. If the motion of the Senator from Virginia shall be agreed to, is, then, no authorization for appropriations left remaining in the amendment of the Senator from Oklahoma?

The ACTING PRESIDENT pro tempore. All of the language included on pages 14 and 15 will be removed.

Mr. CLARK. And there will, therefore, be no authorization for appropriations? Is that correct?

The ACTING PRESIDENT pro tempore. The appropriation would then be in the language of that which is proposed to be inserted in lieu thereof.

Mr. CLARK. Therefore, the amount of the appropriation would depend on a later vote?

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. CLARK. I thank the Chair.

Mr. KERR. Madam President, I believe I am the one who made the unanimous-consent request.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma is correct.

Mr. KERR. As such, I believe I am entitled to have my unanimous-consent request understood.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma is correct.

Mr. KERR. It can be objected to, if any Senator wishes to object to it; but in order to eliminate doubt in the mind of the Senator from Virginia that I am trying to comply with his suggestion, and in order to eliminate doubt in the mind of the Senator from Pennsylvania that I did not contemplate triggering the situation which he feared, I should like to restate my unanimous-consent request with reference to the amendment offered by the Senator from Oklahoma and other Senators.

On page 3 of the amendment, line 11, is the following language:

On page 13, beginning with line 21, strike out all through line 14 on page 15.

The unanimous-consent request I make is that that language be agreed to. In lieu thereof, the amendment would read, beginning on line 14, as follows:

Beginning after line 20, on page 13, the following language be inserted.

The amendment on page 13 would then read:

There is authorized to be appropriated for expenditure—

And so forth. By this unanimous-consent request, the amendment which we have offered, changing the method of financing, which is the desire of the Senator from Virginia, would be agreed to; and our amendment at that point would then contain all of the authorizing provisions it now contains with reference to the manner in which the program in the bill as amended would be financed.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. COOPER. Madam President, I object. Will the Senator from Oklahoma yield for a parliamentary inquiry?

Mr. KERR. I yield.

Mr. COOPER. If the amendment proposed by the Senator from Oklahoma shall be agreed to, would the effect of the amendment be, first, to strike the financing provisions, to which objection has been made, and second, to restore the authorization of $750 million?

Mr. KERR. It would also restore the language in the amendment, which would provide a method for financing the program as outlined in the amendment.

Mr. COOPER. But it would maintain, and we would be agreeing to, $750 million?

Mr. KERR. No, that is not what would be agreed to. The Senate would merely be agreeing to the request of the Senator from Virginia [Mr. ROBERTSON] that financing from one source be eliminated, as provided in the amendment. Then the matter before the Senate would would be my amendment as it had been offered, in the rest of its entirety, because we would already have agreed to the part which strikes from the bill the method of financing provided by the bill.

Mr. COOPER. If we agreed to this amendment, would we be agreeing also to the authorization of $750 million?

Mr. KERR. No, That would still be before the Senate.

Mr. COOPER. Madam President, may I have a ruling?

The ACTING PRESIDENT pro tempore. The Chair has no power to interpret the meaning of the amendment.

Mr. CASE of South Dakota. Madam President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from South Dakota will state it.

Mr. CASE of South Dakota. If the situation should be as the Senator from Oklahoma has described it, and if his amendment would then have had deleted from it the portion referring to the section on the old financing, the remaining portions of the amendment would be subject to division and to individual votes, would they not? Certainly the rest of the amendment is divisible.

Mr. KERR. There is no question about that. I say to the Senator from South Dakota that if the pending request for unanimous consent is agreed to, I shall then ask unanimous consent that the remaining portions of the amendment be considered en bloc; and that request would be subject to objection.

Mr. CASE of South Dakota. And I shall object to that.

Mr. KERR. I understand.

Mr. CASE of South Dakota. And I shall request a division, of the other provisions. But I think that clarifies the situation. We can treat the first matter first. We are being asked to vote first on eliminating from the so-called committee bill to the so-called back-door financing method; and I believe we should have a record vote on that question. Therefore, I request the yeas and nays.

Mr. BUSH. Madam President, I think we are still addressing ourselves to the unanimous-consent request of the Senator from Oklahoma. Is that correct?

Mr. KERR. That is my understanding of the situation. I request a parliamentary interpretation on that point.

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. BUSH. On that basis, Madam President, I am constrained to object to the requested unanimous-consent agreement. I should like to see the Senate vote first on the motion to strike. And as I understand, we are getting a substitute.

Mr. CASE of South Dakota. No, we are not.

Mr. KERR. Then, Madam President, I ask unanimous consent that the time consumed thus far not be charged to either side.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

Mr. KERR. And I wish that unanimous-consent agreement to apply until this parliamentary tangle is resolved.

Mr. ROBERTSON. Madam President, I understood that the Senator from Oklahoma had requested unanimous consent for approval of the motion of the Senator from Virginia to strike from the bill all language relating to back-door financing, but without affecting any other part of the amendment offered by

the Senator from Oklahoma. Was objection made? If so, by whom?

Mr. BUSH. Madam President, I did not object to that. I objected—at least I thought I was objecting to it—to a proposal by the Senator from Oklahoma not only to strike out that language on pages 13, 14, and 15, but also to substitute therefor, the language from line 15 through line 23 on page 3 of the Kerr amendment.

Mr. ROBERTSON. Madam President, in order to clear up this matter—for I have not even mentioned the authorization of $750 million—I move "To strike out" and the rest of those two and a half lines. I understand that the Kerr amendment is the pending question. So I make that motion; and that will eliminate the backdoor financing provisions, from the bill and only those.

The ACTING PRESIDENT pro tempore. Will the Senator state the number of lines he proposes to strike out?

Mr. ROBERTSON. Madam President, I move the adoption of this portion of the Kerr amendment to Senate bill 2965—the part which begins on page 3, in line 11, reading, "on page 13"—that is, of the original bill.

Mr. KERR. No; the Senator is reading my amendment.

Mr. ROBERTSON. It is one part of the Senator's amendment that I am asking the Senate to adopt.

Mr. KERR. Yes, but not the original bill.

Mr. ROBERTSON. The reference is to page 13 of the committee bill—there are only four pages of the Kerr amendment.

Mr. CASE of South Dakota. Madam President, a parilamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from Virginia has the floor. Will he please state his amendment?

Mr. ROBERTSON. Madam President, may I complete stating my amendment?

The ACTING PRESIDENT pro tempore. The Chair is waiting for the Senator from Virginia to do so.

Mr. ROBERTSON. It is the following portion of the Kerr amendment: On page 13—meaning page 13 of the committee bill—beginning with line 21, strike out all through line 14 on page 15.

Mr. WILLIAMS of Delaware. Madam President, on that motion, I ask for the yeas and nays.

The ACTING PRESIDENT pro tempore. Is there a sufficient second?

Mr. CLARK. Madam President, will the Senator from Delaware yield before the yeas and nays are ordered?

Mr. WILLIAMS of Delaware. The Chair is now attempting to determine whether there is a sufficient second for the request for the yeas and nays.

Mr. CLARK. I realize that. But I should like the Senator from Delaware to yield at this point, if he will.

The ACTING PRESIDENT pro tempore. There is a sufficient second; and the yeas and nays are ordered.

Mr. KERR. Madam President, I rise to a point of order.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma will state it.

Mr. KERR. The pending question was on agreeing to a request for unanimous consent; I had asked unanimous consent that the motion of the Senator from Virginia be agreed to. I take it that unless objection was made, the request for the yeas and nays is not in order.

The ACTING PRESIDENT pro tempore. The Chair understood that there was objection to that request for unanimous consent; and the Senator from Virginia has offered his amendment.

Mr. KERR. I do not understand how an objection could be made until I had completed stating my request, or how the Chair could find that that had been done.

Mr. WILLIAMS of Delaware. Madam President, I think this is a very important part of the bill, and I believe the Senate would wish to go on record as not approving that type of financing. That is why I have requested the yeas and nays.

Mr. KERR. Then, Madam President, I withdraw the request for unanimous consent; and I now desire to propound a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma will state it.

Mr. KERR. Is the pending question the motion of the Senator from Virginia to amend the amendment of the Senator from Oklahoma in the way outlined by the Senator from Virginia?

Mr. ROBERTSON. Not to amend it, but to adopt a part of it, without affecting the remainder.

Mr. KERR. Oh, yes.

Mr. WILLIAMS of Delaware. Madam President, as I understand, the motion of the Senator from Virginia is to strike out of the bill the part beginning in line 23, on page 13, and all through line 14, on page 15 of the bill—in other words, to strike out all of the back-door financing provisions.

Mr. ROBERTSON. That is correct.

Mr. MILLER. Madam President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from Iowa will state it.

Mr. MILLER. I do not so understand the amendment. I understand that the amendments of the Senator from Oklahoma are the pending question, and that they are to be considered en bloc. Therefore, at this stage an amendment must be an amendment to them en bloc.

I believe the Chair has now ruled that the pending question is on agreeing to the motion of the Senator from Virginia to strike out a part of the bill.

Mr. KERR. No; it is the motion of the Senator from Virginia to agree to a part of the amendment of the Senator from Oklahoma.

Mr. ROBERTSON. Madam President, will the Senator yield to me?

The ACTING PRESIDENT pro tempore. The motion of the Senator from Virginia has been clearly stated. It is to strike out on page 13, beginning on line 21, all through line 14 on page 15.

Mr. CLARK. Madam President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania will state it.

Mr. CLARK. If the motion is adopted—and I know of no Senator in this body who would vote against it, if it means what the Senator from Oklahoma and I think it means, which is that it does away with back-door financing—I ask the parliamentary question whether it will later preclude the Senator from Oklahoma from bringing to the floor request for a vote the remainder of the language on page 3 of his amendment, which, in effect, would authorize the appropriation of $750 million.

The ACTING PRESIDENT pro tempore. It could not preclude the Senator from Oklahoma from doing so.

Mr. CLARK. I do not know why we should go to the trouble of a yea-and-nay vote, because I do not think any Senator will vote against it. I do not know why it could not be done by unanimous consent.

Mr. CASE of South Dakota. Madam President, who is in control of the time?

The ACTING PRESIDENT pro tempore. By reason of the procedural discussion, the Senate is not under controlled time.

Mr. MANSFIELD. Madam President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from Montana will state it.

Mr. MANSFIELD. Am I to understand that we are not operating under the agreement entered into?

The ACTING PRESIDENT pro tempore. Unanimous consent was given to withhold the running of time until the procedure was agreed to.

Mr. MANSFIELD. How much time, roughly, has elapsed under that procedure?

The ACTING PRESIDENT pro tempore. The time since 10:30 o'clock.

Mr. MANSFIELD. The original request was that the time taken for the suggestion of the absence of a quorum not be allocated to the time allotted, but it was my understanding that once the quorum call was concluded, it would be.

The ACTING PRESIDENT pro tempore. At 11:25 a.m. the Senator from Oklahoma asked unanimous request that, until the disagreement was agreed to, we not be under controlled time.

Mr. MANSFIELD. I thank the Chair.

Mr. CASE of South Dakota. Madam President——

The ACTING PRESIDENT pro tempore. The Senator from South Dakota.

Mr. CASE of South Dakota. This motion should be agreed to. This proposal proves the validity of the alarm which I sought to sound at the time the President's message came to Congress. I am delighted, however, to have the Senator from Pennsylvania say he thinks there is no Senator on the floor who will vote against the motion to strike, because the amendment proposes to strike from the bill the language which was recommended by the President in his special message.

The ACTING PRESIDENT pro tempore. If the Senator wishes to discuss the merits of the proposal, we will consider that the procedural discussion is over, and the controlled time will begin.

Mr. CASE of South Dakota. I yield myself 10 minutes on the bill.

Mr. BUSH. Madam President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The minority leader has control of the time.

Mr. BUSH. Madam President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. BUSH. If the Senator is to use time, can he not use time on the amendment offered by the Senator from Virginia?

Mr. CASE of South Dakota. I could.

Mr. BUSH. Why not do it?

Mr. DIRKSEN. Madam President, I yield 10 minutes to the Senator from South Dakota.

Mr. ROBERTSON. Madam President, I offered my amendment. I am supposed to have some time on it. I yield 10 minutes.

The ACTING PRESIDENT pro tempore. The Senator from Virginia has 30 minutes allotted to him.

Mr. ROBERTSON. I yield 10 minutes to the Senator from South Dakota.

Mr. DIRKSEN. Madam President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. DIRKSEN. What is the pending business before the Senate at this time?

The ACTING PRESIDENT pro tempore. The amendment of the Senator from Virginia.

Mr. DIRKSEN. Is the amendment in writing and at the table?

The ACTING PRESIDENT pro tempore. The amendment is in writing.

Mr. DIRKSEN. I ask that the amendment be stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated by the clerk.

The LEGISLATIVE CLERK. It is proposed to strike out the language in the bill on page 13, beginning on line 21, through line 14 on page 15.

Mr. CASE of South Dakota. Madam President, do I have 10 minutes, either from the Senator from Virginia or the Senator from Illinois?

Mr. ROBERTSON. Madam President, I yield 10 minutes to the Senator from South Dakota.

The ACTING PRESIDENT pro tempore. The Senator from South Dakota is recognized for 10 minutes.

Mr. CASE of South Dakota. Madam President, the President sent a special message to the Congress asking for an emergency public works bill. When the language came to the Senate, I took the floor and pointed out this particular language as the part that was most objectionable in the whole proposal.

The message of the President was referred to the Committee on Banking and Currency. I took the floor at the time to point out that there were other jurisdictions involved; that the Committee on Public Works would normally have jurisdiction over public works projects.

For a time, nobody introduced a bill on the subject in the Senate. The bill was introduced in the House by two Members of that body as it had been suggested by the President.

I invite the attention of the Members of the Senate to the fact that the language as originally proposed in the President's message, or the material accompanying the President's message, and in the bill as introduced, would not only have made the debt receipts available to the departments to spend, but it would have made available the unobligated balances of appropriations, contract authorizations, revolving funds, and other authorizations to expend from public or corporate debt receipts.

During the consideration of the bill, when it was introduced by the Senator from Pennsylvania (Mr. CLARK) for himself and Senators MCCARTHY, PELL, and RANDOLPH, we pointed out what would happen if the Public Works Committee would attempt to make available under programs it might authorize money which had been appropriated to the Defense Department, to the State Department, to the Justice Department, to the Deparment of Agriculture, and other activities of Government.

As a result of that discussion within the committee, the Public Works Committee decided it did not want to have anything to do with the proposal; that that would have been taking money appropriated and authorized by other committees.

Then we went to contract authorizations, and then to revolving funds.

Again it was pointed out that money such as that in the revolving fund of the Farmers Home Administration would be made available for building sidewalks in a city far removed where the revolving fund was created. That proposal was dropped.

Then, because "public or corporate debt receipts" was an indefinite term, over the protest of the minority it was decided that the program should be limited to certain functions. As shown in the committee amendment on page 14, authorizations were for expenditures from public debt receipts available for the Housing and Home Finance Agency, for loans to the Federal Savings and Loan Insurance Corporation, for loans to the Federal Deposit Insurance Corporation, for the purchase of obligations issued by the Federal Home Loan Banks, and for payment of the subscription of the United States to the International Bank For Reconstruction and Development."

In the report of the minority, the minority views accompanying the bill, will be found a table which shows the several different funds which could have been used under the language reported by the committee. Approximately $15 billion would have been available, to the extent of $2 billion for the building of public works projects under the other authorization in the bill.

Repeatedly on the floor, and in interviews, and by the speeches of several Members of the Senate, including the Senator from Virginia [Mr. ROBERTSON], chairman of the Banking and Currency Committee, and the Senator from Kentucky [Mr. COOPER], attention was drawn to what this would do.

The Senator from Kentucky, in one of the most able speeches delivered to the Senate at this session, pointed out that if we were to permit the taking of funds authorized for the use of the International Bank for Reconstruction and Development it could imperil the whole program.

I sought to point out that the use of $3 billion worth of debt receipts available to the Federal Deposit Insurance Corporation could result, if there were a bank crisis, in the reserves of the Federal Deposit Insurance Corporation being drawn upon and the corporation wrecked.

The $750 million available to the Federal Home Loan Bank Board for the insurance of savings in the savings and loan associations could be drawn upon.

No wonder it is that Members have generally come to the position that we ought not have this kind of back door financing. I am delighted to have the Senator from Pennsylvania say that today he does not think there is a Member on the floor who would vote to retain this provision in the bill.

Mr. CLARK. Madam President, will the Senator yield?

Mr. CASE of South Dakota. If I have any time remaining, I shall be glad to yield.

The ACTING PRESIDENT pro tempore. The Senator has 2 minutes remaining.

Mr. CASE of South Dakota. I yield to the Senator from Pennsylvania.

Mr. CLARK. Let me say that I would be the last to suggest that the minority on the Committee on Public Works has not rendered a useful public service in connection with this measure, as it has often done in the past. I believe, now that we have had the opportunity to look over this matter a little more carefully than at the time the bill came in, a wise decision has been made; that for this purpose, in this bill, the best way to handle the program is through authorizations and appropriations.

My friend from South Dakota has made a very able speech about something quite irrelevant to anything before the Senate.

Why the yeas and nays were asked for the purpose of doing exactly what the Senator from Oklahoma, the principal sponsor of the bill, and I have agreed to do I am sure I do not know. There are many Senators in this body who will not vote for anything other than authorizations and appropriations in the bill. We are wasting our time by taking a vote on this question.

Mr. CASE of South Dakota. We are not wasting our time, Madam President. We have the direct statement from the author of the bill that the minority has rendered valuable service in this connection. That admission by the Senator from Pennsylvania is well worth the time consumed.

Mr. CLARK. I think it should also make unnecessary a yea-and-nay vote. If the gentlemen wish to march up the hill and down again, and to get a unanimous vote, I have no objection.

The ACTING PRESIDENT pro tempore. The time of the Senator from South Dakota has expired.

Mr. COOPER. Madam President, will the Senator yield me 5 minutes?

Mr. BUSH. Madam President, will the Senator yield?

Mr. DIRKSEN. I yield 5 minutes to the Senator.

Mr. COOPER. Madam President——

Mr. BUSH. Madam President, I thought the Senator had yielded to me. It is satisfactory to me for the Senator from Kentucky to proceed.

The ACTING PRESIDENT pro tempore. The Senator from Kentucky is recognized.

Mr. COOPER. Madam President, I wish to speak because I am a member of the committee. I sat through the executive sessions of the committee in which the committee discussed this provision. I support wholly the position taken by our ranking Republican member, the Senator from South Dakota [Mr. CASE].

I wish to say, about our good friend from Oklahoma [Mr. KERR], that I know he goes into these questions carefully and always in the long run works them out quite well. But it is true that when the bill came to the Senate, as recommended by the President it contained the section which would have authorized $2 billion standby authority for public works.

The bill also contained the most bizarre method of financing probably ever submitted to the Congress. As it was offered to the committee it proposed that the President of the United States, in order to obtain the $2 billion, could borrow funds from any agency which had uncommitted balances of appropriations or of contract authority, and that some day in the future the Congress might restore those funds.

In the committee, in the executive sessions, the Senator from Delaware [Mr. BOGGS] and I moved to strike this financing method. But the total vote on the Democratic side was to maintain this bizarre, peculiar, unusual, unique method of financing.

Later the committee wrote into the bill, against the objections of the minority, the provision that the funds could be borrowed from the Federal Deposit Insurance Corporation, which protects the security of individual depositors up to $10,000, from the Housing and Home Finance Agency, from the Federal Savings and Loan Insurance Corporation, from the Federal Home Loan Banks—and even from the World Bank.

A day after the committee had voted unanimously, on the majority side, to permit this kind of borrowing, I wrote to all the agencies concerned. I received answers from the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the Federal Savings and Loan Insurance Corporation, which appear in the CONGRESSIONAL RECORD of May 16, on pages 7864, 7865, and 7866.

I also wrote to the Secretary of the Treasury, Mr. Dillon, for his comments on the financing provision with respect to using funds reserved to secure the borrowing power of the World Bank. He wrote a letter to me saying, in substance, that it had not been considered by the Treasury, and would be removed from the bill.

I wrote to the Director of the Bureau of the Budget, who had come before the committee to testify for these provisions. I cannot understand why he supported this unusual method of financing, but he did, as did his representatives. I wrote to him and I asked for information concerning the financing proposals. Last Friday, or Saturday, he called me and asked me if I thought it would be necessary for him to respond to my questions, since he understood that the financing proposal had been dropped by the administation. I told him that I did not think a response was necessary.

For the life of me I cannot understand why the Bureau of the Budget would propose such a method of financing.

The Robertson amendment should be voted. First, the Senate should go on record against this method of financing. Second, the proposal indicated that the administration—the Bureau of the Budget, and the other agencies concerned—had not considered the bill carefully, and that they are uncertain about the need and value of a public works program, and about the method which should be used to carry one out.

I favor a public works program. But as the history of this bill shows that it was not carefully considered, we ought to adopt one with a moderate authorization—and strike the standby authorization of $2 billion.

If we adopt a public works program, it should be a moderate one, which can be tested before the Congress meets again.

Mr. COOPER subsequently said:

Mr. President, I ask unanimous consent that following the remarks I previously made there be printed in the RECORD a letter I wrote to the Honorable Abraham Ribicoff, Secretary of Health, Education, and Welfare, after S. 2965 was reported to the Senate; the reply I received from him Friday; the letter I wrote to the Secretary of Commerce; the reply I received from him this morning; and copies of letters to other agencies administering programs of assistance to the States for the construction of public works, and to the Director of the Budget—to which I received no replies. As I have previously said, the Director of the Budget called me last Friday and asked me if I desired a response to my letter in view of the understanding that the financing provisions were to be eliminated, and I told him a response was not necessary.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

APRIL 30, 1962.

Hon. ABRAHAM RIBICOFF,
Department of Health, Education, and Welfare, Washington, D.C.

DEAR MR. SECRETARY: Senate bill 2965, known as the Standby Public Works Act of 1962, was reported to the Senate Wednesday by the Public Works Committee, of which I am a member. I am concerned about the possible effect on existing Federal loans, loan-grant and grant programs of the proposed change in the criteria and standards for these programs, as contained in sections 5, 6, and 7 of the bill.

Section 8, known as the Chavez amendment, provides for a different program funded through the regular appropriations process, limited to distressed areas, and to a period of 27 months following enactment of the bill. It will simplify your response to this request to omit from consideration that section of the bill.

The types of public works projects covered by the bill are defined in section 14(c). The projects which can be financed are limited under section 9(a)(3) to those which can be completed within 18 months after initiation, or if begun later than 9 months after proclamation of the public works acceleration period can be completed before the end of that 27-month period.

The provisos in section 5 waive the criteria established by the Congress for existing programs, and permit grants up to 50 percent of the cost of projects. Section 7 permits loans for the remainder. Section 5 also waives all existing limitations regarding the apportionment of funds, the time in which grants may be made, and the dollar amounts of grants for any purpose, project or program.

I wish you would refer the following questions to each of the agencies under your jurisdiction which has programs assisting projects which can be defined as public works projects under section 14(c) of the bill. Please note that while section 5 is limited to Federal grant programs, section 6 permits 50 percent grants for any public works projects and programs not now eligible for grants, so that in discussing the change in existing programs those which are now wholly loan programs must be included.

1. What programs of your agency would be affected if the provisions of the bill become operative? How many projects are now underway in each of these programs and what is their approximate total cost?

2. What are the criteria and standards now in effect in these programs which could be changed or eliminated under the bill?

3. Which of the existing criteria are administrative or budgetary? What could be done to accelerate projects under these programs by changing these administrative or budgetary standards, without changing the criteria specified by law?

4. What would be the effect on these programs of changing or eliminating existing criteria and standards, as provided by the bill?

5. Could this have a derogatory effect, or disrupt the program? Would it discriminate against communities qualifying for projects under existing standards, as compared to those qualifying under the provisions of the bill? Would it lead to demands that the standards for local and State participation and responsibility in these programs, now accepted by the Congress and local governmental bodies, be lowered?

6. If the criteria were changed at the present time to the lower standards provided by the bill, approximately what number and dollar volume of projects could be qualified which are not now qualified, assuming sufficient funds were made available?

7. To what extent could the President and your agency—without the authority provided by this bill—accelerate public works projects under these programs? First, through the accelerated expenditure of funds already appropriated and through the use of existing contract authorizations, revolving funds and through the use of authorizations to expend from public debt receipts? Second, through the acceleration of authorized projects and by requesting additional appropriations where necessary? Third, by other means?

8. Approximately what number and dollar volume of accelerated public works projects could be undertaken in fiscal 1963 and 1964 in each of the existing programs under the conditions in question 7 above?

While it now appears that S. 2965 may not be called up in the Senate next week, it could come up at any time and very quickly. I want to be able to study this and other information related to the bill before the de-

bate. Therefore, I hope you will send me a reply as soon as possible.

I realize that it may take a little time to compile the information for an answer to some of these questions. If that is the case, I would appreciate your comments on the other questions, including the first four, meanwhile.

Sincerely yours,

JOHN SHERMAN COOPER.

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
Washington, May 25, 1962.

DEAR SENATOR COOPER: This letter is in response to your request of April 30, 1962, for our replies to specific questions you have raised with respect to S. 2965, the "Standby Public Works Act of 1962."

The existing programs of this Department which would be affected by enactment of S. 2965 are in the Public Health Service, and are authorized by the Hospital Survey and Construction Act (42 U.S.C. 291 et seq.); the Federal Water Pollution Control Act (33 U.S.C. 466 et seq.); and the Health Research Facilities Act (42 U.S.C. 292 et seq.). The answers to your questions have been supplied in three attachments to this letter, each attachment relating to one of these programs.

In the form in which it was reported by the Committee, the bill seems to authorize the acceleration only of grants for the construction, repair, or improvement of publicly owned facilities of the character specified under the section 14(c) definition of "public works." However, we understand that language will be proposed to make clear the Committee's intent not to exclude the acceleration of grants to the private nonprofit beneficiaries of existing grant programs. Therefore the attachments assume that such acceleration is to be authorized for both nonprofit and public beneficiaries.

Sincerely,

WILBUR J. COHEN,
Assistant Secretary.

Hon. JOHN SHERMAN COOPER,
U.S. Senate,
Washington, D.C.

REPLY TO SENATOR JOHN S. COOPER'S QUESTIONS OF APRIL 30, 1962, ON S. 2965, "STANDBY PUBLIC WORKS ACT OF 1962" AS THEY RELATE TO HOSPITAL SURVEY AND CONSTRUCTION (HILL-BURTON) PROGRAM (TITLE VI—PUBLIC HEALTH SERVICE ACT)

Question 1. What programs of your agency would be affected if the provisions of the bill become operative? How many projects are now underway in each of these programs and what is their approximate total cost?

Answer 1. Under the Hill-Burton program, operated by the Public Health Service, Federal funds are alloted to the States on a formula basis for grants to public and nonprofit agencies for the construction of hospitals, diagnostic or treatment centers, chronic disease hospitals, nursing homes, and rehabilitation facilities. As of March 1, 1962, 1,110 projects were under construction. These projects involve a total cost of approximately $1.3 billion and use Federal funds amounting to $413 million.

Question 2. What are the criteria and standards now in effect in these programs which could be changed or eliminated under the bill?

Answer 2. (a) Under the Hill-Burton program, funds appropriated must be allocated among the States in accordance with a statutory formula which is based on population and per capita income. Section 5 of the bill provides that funds available under S. 2965 would not be subject to apportionment.

(b) S. 2965 would permit grants up to 50 percent of the cost of constructing and equipping health facility projects even though existing grant programs provide for a lesser amount. The Hill-Burton legislation restricts about one-half of the States to grants of less than 50 percent.

(c) Section 7 of S. 2965 would, under certain circumstances, authorize Federal loans for the applicant's share of the cost of constructing health facilities. Federal loans for the applicant's share of the costs are not available under the Hill-Burton legislation.

Question 3. Which of the existing criteria are administrative or budgetary? What could be done to accelerate projects under these programs by changing these administrative or budgetary standards, without changing the criteria specified by law?

Answer 3. The above criteria are statutory and are not of an administrative or budgetary nature.

Questions 4 and 5. What would be the effect on these programs of changing or eliminating existing criteria and standards, as provided by the bill?

Could this have a derogatory effect, or disrupt the program? Would it discriminate against communities qualifying for projects under existing standards, as compared to those qualifying under the provisions of the bill? Would it lead to demands that the standards for local and State participation and responsibility in these programs, now accepted by the Congress and local governmental bodies, be lowered?

Answers 4 and 5. The criteria and standards changed or eliminated by S. 2965 would have no untoward or derogatory effect on the regular Hill-Burton program. The bill would retain important provisions of the Hill-Burton legislation which require (a) that projects be approved by the Hill-Burton State agency, (b) that projects conform with the State plan submitted by such State agency, and (c) that approved projects conform to minimum standards of construction and design. Many worthwhile and much needed health facility projects would be constructed under the provisions of S. 2965 which could not be aided under the Hill-Burton program because of limited funds and the priority requirements included in the Hill-Burton legislation. We would not expect that S. 2965 would lead to demands that standards under the Hill-Burton program be lowered.

Question 6. If the criteria were changed at the present time to the lower standards provided by the bill, approximately what number and dollar volume of projects could be qualified which are not now qualified, assuming sufficient funds were made available?

Answer 6. The changes in criteria applicable to health facility construction which are included in S. 2965 pertain only to the allotment of funds among the States, the percentage of Federal participation, and availability of Federal loans. Insofar as health facilities are concerned, S. 2965 would not qualify projects based on lower standards of need, design, or construction, but rather, would make additional funds available for the approval of projects which could not otherwise be approved because of limited funds and the priority provision of the Hill-Burton legislation.

The best indication of health facility projects which might be approved under the provisions of S. 2965 is a report submitted by Hill-Burton State agencies as to projects which could be approved in fiscal year 1963 if there were no limitations on Federal funds. This report shows that 1,158 projects costing a total of $1.6 billion and using Federal funds amounting to $597 million could be approved in 1963 if there were no limitations on Federal funds. (These figures relate to both public and nonprofit facilities. About 50 percent would be related to public facilities alone.) All of these projects conform with the approved State plan, would meet an essential need, and would contribute to the reduction of unemployment. While information is not available as to the number which could be completed within the time period specified in section 9 of S. 2965, it is reasonable to believe that the majority would qualify.

Question 7. To what extent could the President and your agency—without the authority provided by this bill—accelerate public works projects under these programs? First, through the accelerated expenditure of funds already appropriated and through the use of existing contract authorizations, revolving funds and through the use of authorizations to expend from public debt receipts? Second, through the acceleration of authorized projects and by requesting additional appropriations where necessary? Third, by other means?

Answer 7. The Public Health Service could, to a limited extent, accelerate health facility construction projects under the Hill-Burton program. The legislation requires however, that projects be selected for approval in accordance with certain prescribed priority requirements, and the projects so approved are rarely in a position to award contracts and begin construction immediately. Additional appropriations or an authorization to expend from public debt receipts would, of course, increase the number of projects which could be approved. However, the purposes of S. 2965 would be defeated to a certain extent because those priority factors enumerated in section 9 of the bill and, in particular, the factor requiring completion of projects within a short period of time, which are aimed at quickly reducing the employment level, could not be applied in selecting projects for approval.

Question 8. Approximately what number and dollar volume of accelerated public works projects could be undertaken in fiscal 1963 and 1964 in each of the existing programs under the conditions in question 7 above?

Answer 8. As indicated under item 6, Hill-Burton State agencies report that 1,158 health facility projects, costing a total of $1.6 billion and using Federal funds in the amount of $597 million could be approved in fiscal year 1963 if there were no limitation on Federal funds available under the Hill-Burton program. (About 50 percent of these involve public facilities.) Many of these projects could be approved if additional funds were made available under the Hill-Burton program. However, some of the projects would not qualify because of their priority under the Hill-Burton program, and others could not be approved because the total funds made available would have to be distributed among the States and territories on the basis of the formula included in the Hill-Burton legislation.

REPLY TO SENATOR JOHN S. COOPER'S QUESTIONS OF APRIL 30, 1962, ON S. 2965, STANDBY PUBLIC WORKS ACT OF 1962, AS THEY RELATE TO HEALTH RESEARCH FACILITIES PROGRAM (TITLE VII—PUBLIC HEALTH SERVICE ACT)

A general observation should be made before replying to the specific questions. On reviewing the areas designated by the Secretary of Commerce as redevelopment areas, and the areas designated by the Secretary of Labor as areas of substantial unemployment (as of March, 1962), we find that very few of the current title VII projects, or those which are now approved and awaiting the availability of funds, are located in these areas. Our answers to the following questions must be viewed with this circumstance in mind.

Question 1. What programs of your agency would be affected if the provisions of the bill become operative? How many projects are now underway in each of these programs and what is their approximate total cost?

Answer 1. Under the health research facilities program, operated by the Public Health Service within the National Institutes of Health, Federal grants are made to

public or nonprofit institutions for the construction of new or improved health research facilities. There currently are 217 projects underway in this program at a total cost of $426,864,444 of which $92,183,866 is the Federal share.

Question 2. What are the criteria and standards now in effect in these programs which could be changed or eliminated under the bill?

Answer 2. The present program permits grants in which Federal share may not exceed 50 percent. The bill would not change or eliminate any present criteria or standards in effect in the title VII program.

Question 3. Which of the existing criteria are administrative or budgetary? What could be done to accelerate projects under these programs by changing these administrative or budgetary standards, without changing the criteria specified by law?

Answer 3. The present law, title VII of the Public Health Service Act, contains a provision limiting appropriated funds in any fiscal year to $50 million. It is anticipated that the Congress will provide an appropriation in the amount of $50 million for this program for fiscal 1963. There are no existing budgetary or administrative criteria which limit the operation of the program.

Questions 4 and 5. What would be the effect on these programs of changing or eliminating existing criteria and standards, as provided by the bill?

Could this have a derogatory effect, or disrupt the program? Would it discriminate against communities qualifying for projects under existing standards, as compared to those qualifying under the provisions of the bill? Would it lead to demands that the standards for local and State participation and responsibility in these programs, now accepted by the Congress and local governmental bodies, be lowered?

Answers 4 and 5. The criteria and standards changed or eliminated by S. 2965 would have no untoward or derogatory effect on the regular health research facilities construction program. However, the provisions of the bill would probably have only a minor effect on the construction of health research facilities, since very few of the projects which are now approved and awaiting the availability of funds are located in economically depressed areas.

Question 6. If the criteria were changed at the present time to the lower standards provided by the bill, approximately what number and dollar volume of projects could be qualified which are not now qualified, assuming sufficient funds were made available?

Answer 6. None.

Question 7. To what extent could the President and your agency—without the authority provided by this bill—accelerate public works projects under these programs? First, through the accelerated expenditure of funds already appropriated and through the use of existing contract authorizations, revolving funds and through the use of authorizations to expend from public debt receipts? Second, through the acceleration of authorized projects and by requesting additional appropriations where necessary? Third, by other means?

Answer 7:

Part 1. None.

Part 2. None, since anticipated congressional appropriation will be the same as the legally authorized ceiling of program.

Part 3. It would require an amendment of title VII to provide a higher authorization for project funds to activate more projects than are currently contemplated for fiscal 1963.

Question 8. Approximately what number and dollar volume of accelerated public works projects could be undertaken in fiscal 1963 and 1964 in each of the existing programs under the conditions in question 7 above?

Answer 8. None, due to existing limits of $50 million annual authorization for this program.

REPLY TO SENATOR JOHN S. COOPER'S QUESTIONS OF APRIL 30, 1962, ON S. 2965, STANDBY PUBLIC WORKS ACT OF 1962, AS THEY RELATE TO FEDERAL WATER POLLUTION CONTROL PROGRAM (FEDERAL WATER POLLUTION CONTROL ACT)

Question 1. What programs of your agency would be affected if the provisions of the bill become operative? How many projects are now underway in each of these programs and what is their approximate total cost?

Answer 1. Under the Federal water pollution control program, operated by the Public Health Service, Federal grants are made to States, municipalities, or intermunicipal and interstate agencies for the construction of necessary treatment works. As of April 30, 1962, there were 770 projects underway costing approximately $472.6 million for which Federal grants in the amount of $83.4 million have been made.

Question 2. What are the criteria and standards now in effect in these programs which could be changed or eliminated under the bill?

Answer 2. The Federal Water Pollution Act provides for allotments to States on the basis of relative per capita income and relative population. Grants are limited to 30 percent of the cost of construction or $600,000, whichever is less. Section 5 of the bill would, in effect, eliminate the allotment formula, and would change the grant limitations to allow up to 50 percent of the cost of construction.

Question 3. Which of the existing criteria are administrative or budgetary? What could be done to accelerate projects under these programs by changing these administrative or budgetary standards, without changing the criteria specified by law?

Answer 3. The above criteria are statutory and not of an administrative or budgetary nature.

Question 4. What would be the effect on these programs of changing or eliminating existing criteria and standards, as provided by the bill?

Answer 4. The provisions of the bill would result in a speed up in construction of needed sewage treatment works. There are over 2,000 grant applications in process or in preparation requesting grants totaling $227.4 million to assist in construction of projects estimated to cost $1.191 billion. The budget request for fiscal year 1963 to meet these requests is the fully authorized $90 million. If additional funds were made available under the bill, these projects would be constructed much sooner. In addition, many communities not able to consider sewage treatment works construction under the 30 percent Federal money—70 percent local money formula would construct facilities under the grant and loan provisions of S. 2965.

Question 5. Could this have a derogatory effect, or disrupt the program? Would it discriminate against communities qualifying for projects under existing standards, as compared to those qualifying under the provisions of the bill? Would it lead to demands that the standards for local and State participation and responsibility in these programs, now accepted by the Congress and local governmental bodies, be lowered?

Answer 5. While the provisions of the bill might cause a temporary slowdown, we would not consider this a disruption of the program. If the bill were to pass, we would expect that communities would reexamine their programs before proceeding. They would have to consider the benefits which might accrue to the community at some indefinite time and under indefinite circumstances in relation to a firm commitment of a lesser amount of Federal assistance at the present time. We feel that by far the majority of communities will find it to their advantage not to postpone construction in hope of receiving greater Federal assistance. We do not feel that there will be many instances in which a community that constructs a project with a 30 percent grant will feel discriminated against if at some future time another community receives a 50 percent grant for the same purpose. It was expected that there would be many complaints to this effect at the time the grant program was first authorized but they failed to materialize. Neither do we feel that there will be any demands for a lowering of standards for local and State participation and responsibility in the program.

Question 6. If the criteria were changed at the present time to the lower standards provided by the bill, approximately what number and dollar volume of projects could be qualified which are not now qualified, assuming sufficient funds were made available?

Answer 6. To qualify financially for a sewage treatment works construction grant at the present time, a community must demonstrate its ability to pay the remaining cost of the project. If the grant were increased to 50 percent with a loan available for the balance, many of the communities not now able to qualify would be able to move ahead.

In the Second Annual Report on Municipal Waste Treatment Needs, dated January 1, 1962, prepared by the Conference of State Sanitary Engineers, it was shown that there are about 5,300 communities requiring new sewage treatment plants, enlargements or additional treatment, estimated to cost $2.1 billion. Applications for grants are in process or in preparation for over 2,000 of these projects estimated to cost $1.1 billion. The remaining 3,300 projects estimated to cost $1 billion are for the most part in communities of less than 10,000 population. It is these smaller communities which experience the greatest difficulty in arranging financing and which would benefit greatly under the proposed legislation although its impact cannot be estimated at this time.

Question 7. To what extent could the President and your agency—without the authority provided by this bill—accelerate public works projects under these programs? First, through the accelerated expenditure of funds already appropriated and through the use of existing contract authorizations, revolving funds and through the use of authorizations to expend from public debt receipts? Second, through the acceleration of authorized projects and by requesting additional appropriations where necessary? Third, by other means?

Answer 7. Without the authority provided by this bill, we would not be able to accelerate projects under the program. The full statutory authorization was appropriated last year and is included in the budget for fiscal year 1963. These funds will be fully utilized leaving no balances which might be used for accelerated expenditures. No additional appropriations may be requested under the existing act.

Question 8. Approximately what number and dollar volume of accelerated public works projects could be undertaken in fiscal 1963 and 1964 in each of the existing programs under the conditions in question 7 above?

Answer 8. In view of 7 above, question 8 must be answered in the negative.

APRIL 27, 1962.

Hon. LUTHER H. HODGES,
Secretary of Commerce, Department of Commerce, Washington, D.C.

DEAR MR. SECRETARY: Senate bill 2965, known as the Standby Public Works Act of

1962, was reported to the Senate Wednesday by the Public Works Committee, of which I am a member. I am concerned about the possible effect on existing Federal loan, loan-grant, and grant programs of the proposed change in the criteria and standards for these programs, as contained in sections 5, 6, and 7 of the bill.

Section 8, known as the Chavez amendment, provides for a different program funded through the regular appropriations process, limited to distressed areas, and to a period of 27 months following enactment of the bill. It will simplify your response to this request to omit from consideration that section of the bill.

The types of public works projects covered by the bill are defined in section 14(c). The projects which can be financed are limited under section 9(a)(3) to those which can be completed within 18 months after initiation, or if begun later than 9 months after proclamation of the public works acceleration period can be completed before the end of that 27-month period.

The provisos in section 5 waive the criteria established by the Congress for existing programs, and permit grants up to 50 percent of the cost of the projects. Section 7 permits loans for the remainder. Section 5 also waives all existing limitations regarding the apportionment of funds, the time in which grants may be made, and the dollar amounts of grants for any purpose, project, or program.

I wish you would refer the following questions to each of the agencies under your jurisdiction which has programs assisting projects which can be defined as public works projects under section 14(c) of the bill. Please note that while section 5 is limited to Federal grant programs, section 6 permits 50-percent grants for any public works projects and programs not now eligible for grants, so that in discussing the change in existing programs those which are now wholly loan programs must be included.

1. What programs of your agency would be affected if the provisions of the bill become operative? How many projects are now underway in each of these programs and what is their approximate total cost?

2. What are the criteria and standards now in effect in these programs which could be changed or eliminated under the bill?

3. Which of the existing criteria are administrative or budgetary? What could be done to accelerate projects under these programs by changing these administrative or budgetary standards, without changing the criteria specified by law?

4. What would be the effect on these programs of changing or eliminating existing criteria and standards, as provided by the bill?

5. Could this have a derogatory effect, or disrupt the program? Would it discriminate against communities qualifying for projects under existing standards, as compared to those qualifying under the provisions of the bill? Would it lead to demands that the standards for local and State participation and responsibility in these programs, now accepted by the Congress and local governmental bodies, be lowered?

6. If the criteria were changed at the present time to the lower standards provided by the bill, approximately what number and dollar volume of projects could be qualified which are not now qualified, assuming sufficient funds were made available?

7. To what extent could the President and your agency—without the authority provided by this bill—accelerate public works projects under these programs? First, through the accelerated expenditure of funds already appropriated and through the use of existing contract authorizations, revolving funds and authorizations to expend from public debt receipts? Second, through the acceleration of authorized projects and by requesting additional appropriations where necessary? Third, by other means?

8. Approximately what number and dollar volume of accelerated public works projects could be undertaken in fiscal 1963 and 1964 in each of the existing programs, under the conditions in question 7 above?

While it now appears that S. 2965 may not be called up in the Senate next week, it could come up at any time and very quickly. I want to be able to study this and other information related to the bill before the debate. Therefore, I hope you will send me a reply as soon as possible.

I realize that it may take a little time to compile the information for an answer to some of these questions. If that is the case, I would appreciate your comments on the other questions, including the first four, meanwhile.

Sincerely yours,

JOHN SHERMAN COOPER.

THE SECRETARY OF COMMERCE,
Washington, D.C., May 25, 1962.

Hon. JOHN SHERMAN COOPER,
U.S. Senate, Washington, D.C.

DEAR SENATOR COOPER: This is in reply to your request for information with respect to the effect which Senate bill 2965 would have on existing Federal loan, loan-grant and grant programs administered by agencies of this Department.

The only agencies of the Department administering programs which would be affected by this legislation are the Area Redevelopment Administration and the Bureau of Public Roads. There are attached copies of memoranda from the Administrator of the Area Redevelopment Administration and the General Counsel of the Bureau of Public Roads, setting forth their replies.

Sincerely yours,

EDWARD GUDEMAN,
Under Secretary of Commerce.

U.S. DEPARTMENT OF COMMERCE,
AREA REDEVELOPMENT ADMINISTRATION,
May 8, 1962.

To: General Counsel.
From: Administrator.
Subject: April 27, 1962, letter from Senator COOPER re S. 2965, as reported.

This is in reply to your request for the views of the Area Redevelopment Administration on the April 27, 1962, letter from Senator COOPER, Republican, of Kentucky, to Secretary Hodges regarding the effect of the standby public works program proposed in S. 2965, as reported, on existing Federal loan, loan-grant and grant programs.

The answers set forth below are numbered so as to correspond with the numbers of the questions in Senator COOPER's letter.

1. Of the programs administered by the Area Redevelopment Administration, only grants for public facility projects, authorized by section 8 of the Area Redevelopment Act (Public Law 87–27, 87th Cong., 1st sess., May 1, 1961), would be directly affected if the provisions of S. 2965, as reported, become operative.

By April 27–30, 1962, approximately $13,480,000 in Area Redevelopment Administration funds had been committed for 47 public facility projects involving section 8 of the Area Redevelopment Act. The aggregate cost of these projects will be approximately $29.8 million.

Section 7 of the Area Redevelopment Act authorizes loans for public facility projects. The program under this section would be indirectly affected by the effect of S. 2965, as reported, on section 8 since many public facility projects assisted under the Area Redevelopment Act are financed by a combination of loans and grants. This letter will confine its scope to the program of grants for public facility projects under section 8 of the Area Redevelopment Act.

2. and 3. There is no specific statutory limitation in the language of section 8 of the Area Redevelopment Act which relates to the apportionment of funds, the time in which grants can be made or the aggregate dollar amounts of grants for any prescribed purpose, project, or program. Therefore, the statutory criteria and standards now in effect in section 8 will not be changed or eliminated by section 5 of S. 2965, as reported. The applicable provision in section 5 provides "That no grant under this section shall be subject to any limitation in other laws with respect to the apportionment of funds, the time in which grants may be made, or the aggregate dollar amounts of grants for any prescribed purpose, project, or program."

However, because of the anticipated demand for the funds available for public facility projects under the Area Redevelopment Act and the urgent need to create substantial new permanent employment as quickly as possible in redevelopment areas, the Area Redevelopment Administration has sought to have public facility project proposals demonstrate clearly that they are immediately related to a new or expanded commercial or industrial facility which will create permanent new employment.

If S. 2965, as reported, were enacted, the Area Redevelopment Administration would continue to apply section 8 of the Area Redevelopment Act to cover public facility project proposals meeting the standards indicated above. In addition, the section 8 program would be properly applied to cover many project proposals, such as those indicated in item 6 below, which would tend to improve the opportunities for the establishment or expansion of industry that will provide new, permanent employment opportunties even though such opportunities and new or expanded private facilities might not result immediately.

4. The effect of the above action would be to enable the section 8 public facility program to help to finance the kinds of projects indicated in item 6 below.

5. Rather than disrupt the area redevelopment program, an acceleration of public facility project proposals would expand the opportunities for the economic development of communities in redevelopment areas.

Communities presently submitting qualified public facility project proposals would not be discriminated against under the kind of accelerated program which S. 2965, as reported, envisages. Any project proposal which might not demonstrate the necessary immediate new or expanded private facility now required could be resubmitted under the accelerated program.

The present public facility program under section 8 of the Area Redevelopment Act establishes certain standards for local and State participation and responsibility. If S. 2965, as reported, were enacted, the local and State participation and responsibility would not be changed, since the program under S. 2965, as reported, does not alter the statutory standards in section 8 of the Area Redevelopment Act and is a temporary program.

6. It is impossible to estimate, without extensive field survey, the additional number and dollar volume of projects that would qualify if S. 2965, as reported, were enacted. Area Redevelopment Administration activity under section 8 of the Area Redevelopment Act depends essentially on local planning. Many public facility projects are only beginning to be developed, or thought of, at the local level. Many more may ultimately be financed through the programs of agencies other than the Area Redevelopment Administration.

If S. 2965, as reported, were enacted, and additional funds were provided, the section 8 program of grants for public facilities would be able to cover project proposals as indicated in the last paragraph of items 2 and 3 above. Many communities have indi-

cated to the Area Redevelopment Administration their need for public facility projects. For example, 1,132 needed public facility projects were identified in the first 300 local economic development plans submitted to the Area Redevelopment Administration. Of that total, it is possible that about 784, costing about $270 million, might be initiated or accelerated and then completed within a year, with assistance from the Area Redevelopment Administration. These local plans covered about 475 redevelopment areas with a population of approximately 25.8 million people. Since that time, more local plans have been submitted. They, too, indicate needed public facilities.

7 and 8. Since the entire authorization under section 8 of the Area Redevelopment Act may be substantially exhausted, through appropriations, by the end of the next fiscal year, it would not be wise for the Area Redevelopment Administration to accelerate public facility project proposals at this time without the additional funds which S. 2965 as reported, could provide.

U.S. DEPARTMENT OF COMMERCE,
BUREAU OF PUBLIC ROADS,
May 7, 1962.

To: Mr. Robert E. Giles, General Counsel, Department of Commerce.
From: David S. Black, General Counsel.
Subject: Letter to Secretary Hodges from Senator COOPER concerning S. 2965, the proposed Standby Public Works Act of 1962.

In response to your request of May 1, 1962, for the views of this Bureau on the questions concerning S. 2965 contained in Senator COOPER's letter of April 30, 1962, to Secretary Hodges, the Bureau has prepared the enclosed statement dealing with each of Senator COOPER's questions as it relates to our activities.

REPLIES TO QUESTIONS ASKED BY SENATOR COOPER RE SENATE BILL 2965, STANDBY PUBLIC WORKS ACT OF 1962

1. What programs of your agency would be affected if the provisions of the bill become operative? How many projects are now underway in each of these programs and what is their approximate total cost?

[Dollar amounts in millions]

Program	Projects underway or authorized		
	Number of projects	Total cost	Federal funds
(a) Federal-aid highway program	17,022	$9,890	$7,294
(b) Forest highway program	131	58	55

2. What are the criteria and standards now in effect in these programs which could be changed or eliminated under the bill?

Criteria and standards for existing Federal-aid and forest highway programs would not be changed or eliminated. For the acceleration program for which additional funds would be provided under S. 2965, formulas for apportionments of highway funds to States would not apply. Also, the program financed under section 6 of S. 2965 could provide for highway projects located off the Federal-aid and forest highway systems.

3. Which of the existing criteria are administrative or budgetary? What could be done to accelerate projects under these programs by changing these administrative or budgetary standards, without changing the criteria specified by law?

The changed criteria described under 2 above with respect to the acceleration program are of a legal nature rather than administrative or budgetary. The changes provided under S. 2965 could only be accomplished by legislation.

4. What would be the effect on these programs of changing or eliminating existing criteria and standards, as provided by the bill?

The changes described under 2 above with respect to the acceleration program for which additional funds would be provided under S. 2965 would have no effect on existing Federal-aid and forest highway programs.

5. Could this have a derogatory effect, or disrupt the program? Would it discriminate against communities qualifying for projects under existing standards, as compared to those qualifying under the provisions of the bill? Would it lead to demands that the standards for local and State participation and responsibility in these programs, now accepted by the Congress and local governmental bodies, be lowered?

It is not expected that S. 2965 would have any derogatory effect or disrupt the continuing Federal-aid and forest highway programs in any way. There would be no discrimination against communities (or States or local governments) qualifying under existing programs, and it is not anticipated that the new program would lead to any demands for lowering standards or changing criteria applicable to existing programs.

6. If the criteria were changed at the present time to the lower standards provided by the bill, approximately what number and dollar volume of projects could be qualified which are not now qualified, assuming sufficient funds were made available?

The number and dollar volume of highway projects that could be qualified under S. 2965 would depend largely upon the amount of additional funds made available. Under the special "D" and "L" funds program authorized by sections 2(a) and 2(c) of the Federal-Aid Highway Act of 1958, Federal-aid primary, secondary, and urban projects financed at a total cost of $618 million were placed under contract within a period of 7½ months, in addition to and without delay to the regular Federal-aid highway programs. The 1958 program was statewide rather than limited to specific areas in each State, but it is expected that the present need for highway improvements in the redevelopment areas would provide ample opportunity for the use of any funds made available for such purposes under S. 2965.

7. To what extent could the President and your agency—without the authority provided by this bill—accelerate public works projects under these programs? First, through the accelerated expenditure of funds already appropriated and through the use of existing contract authorizations, revolving funds and authorizations to expend from public debt receipts? Second, through the acceleration of authorized projects and by requesting additional appropriations where necessary? Third, by other means?

The Federal-aid highway program is progressing at the maximum rate that can supported from revenues accruing to the highway trust fund. The transfer of additional revenues from the general funds of the Treasury to the highway trust fund would make additional apportioned funds available to the States on a reimbursable obligation basis. At the present time there is a balance of nearly $2.9 billion of Federal-aid highway funds apportioned to the States for the fiscal years through 1963 which is available for obligation provided the States can finance the work with State funds until additional revenues are available to reimburse the States from the Highway Trust Fund.

The forest highway program also is progressing as rapidly as possible under existing appropriations. The 1963 forest highway appropriation request is for $35 million, which would leave an unappropriated balance of $38,850,000 of forest highway funds authorized for 1963 and prior fiscal years.

8. Approximately what number and dollar value of accelerated public works projects could be undertaken in fiscal 1963 and 1964 in each of the existing programs, under the conditions in question 7 above?

If additional funds were made available as discussed under item 7 above, it is expected that the Federal-aid and forest highway programs could be accelerated as follows:

[Dollar amounts in millions]

Fiscal year	Federal-aid			Forest highways		
	Number of projects	Total cost	Federal funds	Number of projects	Total cost	Federal funds
1963	500	$300	$250	50	$16	$15
1964	500	300	250	50	16	15

APRIL 27, 1962.

Hon. STEWART L. UDALL,
Secretary of the Interior, Department of the Interior, Washington, D.C.

DEAR MR. SECRETARY: Senate bill 2965, known as the Standby Public Works Act of 1962, was reported to the Senate Wednesday by the Public Works Committee, of which I am a member. I am concerned about the possible effect on existing Federal loan, loan-grant and grant programs of the proposed change in the criteria and standards for these programs, as contained in sections 5, 6 and 7 of the bill.

Section 8, known as the Chavez amendment, provides for a different program, funded through the regular appropriations process, limited to distressed areas, and to a period of 27 months following enactment of the bill, and it will simplify your response to this request to omit from consideration that section of the bill.

The types of public works projects covered by the bill are defined in section 14(c). The projects which can be financed are limited under section 9(a)(3) to those which can be completed within 18 months after initiation, or if begun later than 9 months after proclamation of the public works acceleration period can be completed before the end of that 27-month period.

The provisos in section 5 waive the criteria established by the Congress for existing programs, and permit grants up to 50 percent of the cost of projects. Section 7 permits loans for the remainder. Section 5 also waives all existing limitations regarding the apportionment of funds, the time in which grants may be made, and the dollar amounts of grants for any purpose, project or program.

I wish you would refer the following questions to each of the agencies under your jurisdiction which has programs assisting projects which can be defined as public works projects under section 14(c) of the bill. Please note that while section 5 is limited to Federal grant programs, section 6 permits 50-percent grants for any public works projects and programs not now eligible for grants, so that in discussing the change in existing programs those which are now wholly loan programs must be included.

1. What programs of your agency would be affected if the provisions of the bill become operative? How many projects are now underway in each of these programs and what is their approximate total cost?

2. What are the criteria and standards now in effect in these programs which could be changed or eliminated under the bill?

3. Which of the existing criteria are administrative or budgetary? What could be done to accelerate projects under these programs by changing these administrative or

budgetary standards, without changing the criteria specified by law?

4. What would be the effect on these programs of changing or eliminating existing criteria and standards, as provided in the bill?

5. Could this have a derogatory effect, or disrupt the program? Would it discriminate against communities qualifying for projects under existing standards, as compared to those qualifying under the provisions of the bill? Would it lead to demands that the standards for local and State participation and responsibility in these programs, now accepted by the Congress and local governmental bodies, be lowered?

6. If the criteria were changed at the present time to the lower standards provided by the bill, approximately what number and dollar volume of projects could be qualified which are not now qualified, assuming sufficient funds were made available?

7. To what extent could the President and your agency—without the authority provided by this bill—accelerate public works projects under these programs? First, through the accelerated expenditure of funds already appropriated and through the use of existing contract authorizations, revolving funds and through the use of authorizations to expend from public debt receipts? Second, through the acceleration of authorized projects and by requesting additional appropriations where necessary? Third, by other means?

8. Approximately what number and dollar volume of accelerated public works projects could be undertaken in fiscal 1963 and 1964 in each of the existing programs under the conditions in question 7 above?.

While it now appears that S. 2965 may not be called up in the Senate next week, it could come up at any time and very quickly. I want to be able to study this and other information related to the bill before the debate. Therefore, I hope you will send me a reply as soon as possible.

I realize that it may take a little time to compile the information for an answer to some of these questions. If that is the case, I would appreciate your comments on the other questions, including the first four, meanwhile.

Sincerely yours,

JOHN SHERMAN COOPER.

(No reply received.)

APRIL 27, 1962.

Hon. ORVILLE L. FREEMAN,
Secretary of Agriculture, Department of Agriculture, Washington, D.C.

DEAR MR. SECRETARY: Senate bill 2965, known as the Standby Public Works Act of 1962, was reported to the Senate Wednesday by the Public Works Committee, of which I am a member. I am concerned about the possible effect on existing Federal loan, loan-grant and grant programs of the proposed change in the criteria and standards for these programs, as contained in sections 5, 6, and 7 of the bill.

Section 8, known as the Chavez amendment, provides for a different program, funded through the regular appropriations process, limited to distressed areas, and to a period of 27 months following enactment of the bill. It will simplify your response to this request to omit from consideration that section of the bill.

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The provisos in sectin 5 waive the criteria established by the Congress for existing programs, and permit grants up to 50 percent of the cost of projects. Section 7 permits loans for the remainder. Section 5 also waives all existing limitations regarding the apportionment of funds, the time in which grants may be made, and the dollar amounts of grants for any purpose, project or program.

I wish you would refer the following questions to each of the agencies under your jurisdiction which has programs assisting projects which can be defined as public works projects under section 14(c) of the bill. Please note that while section 5 is limited to Federal grant programs, section 6 permits 50 percent grants for any public works projects and programs not now eligible for grants, so that in discussing the change in existing programs those which are now wholly loan programs must be included.

1. What programs of your agency would be affected if the provisions of the bill become operative? How many projects are now underway in each of these programs and what is their approximate total cost?

2. What are the criteria and standards now in effect in these programs which could be changed or eliminated under the bill?

3. Which of the existing criteria are administrative or budgetary? What could be done to accelerate projects under these programs by changing these administrative or budgetary standards, without changing the criteria specified by law?

4. What would be the effect on these programs of changing or eliminating existing criteria and standards, as provided by the bill?

5. Could this have a derogatory effect, or disrupt the program? Would it discriminate against communities qualifying for projects under existing standards, as compared to those qualifying under the provisions of the bill? Would it lead to demands that the standards for local and State participation and responsibility in these programs, now accepted by the Congress and local governmental bodies, be lowered?

6. If the criteria were changed at the present time to the lower standards provided by the bill, approximately what number and dollar volume of projects could be qualified which are not now qualified, assuming sufficient funds were made available?

7. To what extent could the President and your agency—without the authority provided by this bill—accelerate public works projects under these programs? First, through the accelerated expenditure of funds already appropriated and through the use of existing contract authorizations, revolving funds and through the use of authorizations to expend from public debt receipts? Second, through the acceleration of authorized projects and by requesting additional appropriations where necessary? Third, by other means?

8. Approximately what number and dollar volume of accelerated public works projects could be undertaken in fiscal 1963 and 1964 in each of the existing programs under the conditions in question 7 above?

While it now appears that S. 2965 may not be called up in the Senate next week, it could come up at any time and very quickly. I want to be able to study this and other information related to the bill before the debate. Therefore, I hope you will send me a reply as soon as possible.

I realize that it may take a little time to compile the information for an answer to some of these questions. If that is the case, I would appreciate your comments on the other questions, including the first four, meanwhile.

Sincerely yours,

JOHN SHERMAN COOPER.

(No reply received.)

APRIL 27, 1962.

Hon. ROBERT C. WEAVER,
Administrator, Housing and Home Finance Agency, 1626 K Street, Washington, D.C.

DEAR MR. WEAVER: Senate Bill 2965, known as the "Standby Public Works Act of 1962," was reported to the Senate Wednesday by the Public Works Committee, of which I am a member. I am concerned about the possible effect on existing Federal loan, loan grant and grant programs of the proposed change in the criteria and standards for these programs, as contained in sections 5, 6 and 7 of the bill.

Section 8, known as the Chavez amendment, provides for a different program funded through the regular appropriations process, limited to distressed areas, and to a period of 27 months following enactment of the bill. It will simplify your response to this request to omit from consideration that section of the bill.

The types of public works projects covered by the bill are defined in section 14(c). The projects which can be financed are limited under section 9(a)(3) to those which can be completed within 18 months after initiation, or if begun later than 9 months after proclamation of the public works acceleration period can be completed before the end of that 27-month period.

The provisos in section 5 waive the criteria established by the Congress for existing programs, and permit grants up to 50 percent of the cost of the projects. Section 7 permits loans for the remainder. Section 5 also waives all existing limitations regarding the apportionment of funds, the time in which grants may be made, and the dollar amounts of grants for any purpose, project or program.

I wish you would refer the following questions to each of the agencies under works projects under section 14(c) of the bill. ing projects which can be defined as public works project under section 14(c) of the bill. Please note that while section 5 is limited to Federal grant programs, section 6 permits 50 percent grants for any public works projects and programs not now eligible for grants, so that in discussing the change in existing programs those which are now wholly loan programs must be included.

1. What programs of your agency would be affected if the provisions of the bill become operative? How many projects are now underway in each of these programs and what is their approximate total cost?

2. What are the criteria and standards now in effect in these programs which could be changed or eliminated under the bill?

3. Which of the existing criteria are administrative or budgetary? What could be done to accelerate projects under these programs by changing these administrative or budgetary standards, without changing the criteria specified by law?

4. What would be the effect on these programs of changing or eliminating existing criteria and standards, as provided by the bill?

5. Could this have a derogatory effect, or disrupt the program? Would it discriminate against communities qualifying for projects under existing standards, as compared to those qualifying under the provisions of the bill? Would it lead to demands that the standards for local and State participation and responsibility in these programs, now accepted by the Congress and local governmental bodies, be lowered?

6. If the criteria were changed at the present time to the lower standards provided by the bill, approximately what number and dollar volume of projects could be qualified which are not now qualified, assuming sufficient funds were made available?

7. To what extent could the President and your agency—without the authority provided by this bill—accelerate public works projects under these programs? First, through the accelerated expenditure of funds already appropriated and through the use of existing contract authorizations, revolving funds and through the use of authorization to expend from public debt receipts? Second, through acceleration of authorized projects and by requesting additional appropriations where necessary? Third, by other means?

8. Approximately what number and dollar volume of accelerated public works projects could be undertaken in fiscal 1963 and 1964 in each of the existing programs under the conditions in question 7 above?

While it now appears that S. 2965 may not be called up in the Senate next week, it could come up at any time and very quickly. I want to be able to study this and other information related to the bill before the debate. Therefore, I hope you will send me a reply as soon as possible?

I realize that it may take a little time to compile the information for an answer to some of these questions. If that is the case, I would appreciate your comments on the other questions, including the first four, meanwhile.

Sincerely yours,

JOHN SHERMAN COOPER.

(No reply received.)

APRIL 26, 1962.

Hon. ROBERT C. WEAVER,
Administrator, Housing and Home Finance Agency, Washington, D.C.

DEAR MR. WEAVER: Senate bill 2965, known as the Standby Public Works Act of 1962, was reported to the Senate yesterday by the Public Works Committee, of which I am a member. Section 10(b) of the bill as reported would authorize the President, an agency or officer specified by him, and those delegated in turn, to "cause to be transferred" to a new public works agency or any other agency "the unobligated balances of authorizations to expend from public debt receipts available for the Housing and Home Finance Agency."

Since such a transfer would affect the funds otherwise available to your agency, I would like to ask several questions. Because the Housing and Home Finance Agency has several constituent agencies, each with its distinct programs, I wish you would also direct these questions to the Commissioners of the Community Facilities Administration, the Urban Renewal Administration, and the Federal Housing Administration, for their comments on how their agencies and programs could be affected.

Some of the questions speak of loans made from public debt receipts. However, the authority for the use of public debt receipts by the HHFA is not limited to Treasury borrowing, and I know your answers will take this into account.

1. What are the statutory authorities for the use of public debt receipts by the HHFA?

(a) What are the statutory purposes of this authority, and how was it intended by Congress to be used?

(b) How much money is the HHFA authorized to borrow from the Treasury for these purposes?

(c) Is this authority a necessary part of the basic purposes or operations of the HHFA?

(d) Under what conditions is the HHFA authorized to borrow these funds from the Treasury? Is the Treasury directed to make the loans to HHFA under those conditions, or are the loans made at the discretion of the Treasury?

2. Extent of use of the Treasury financing authority by HHFA?

(a) To what extent has this authority been used in the past, and what were the occasions of its largest use?

(b) If this authority, since it was first granted by the Congress, has been increased in amount or broadened in its purposes, or has been decreased in amount or limited in its purposes, what were the reasons for these changes?

(c) To what extent is this authority being used now?

(d) To what extent is this authority likely to be needed in the future?

(e) When would its full use possibly be required?

(f) Even when the authority to borrow funds from the Treasury is not exercised or fully used, does the existence of this authority still serve a useful purpose against contingencies, or contribute to the financial stability and security of the HHFA?

3. Effect of withdrawing up to $2 billion from the funds available to the HHFA from public debt receipts.

(a) How would such a withdrawal during a minor or severe recession affect the operations and the financial condition of the HHFA?

(b) Would such a withdrawal impair the credit of the HHFA?

(c) If it were not replaced by appropriations, or the borrowing authority of the HHFA were not increased by Congress or otherwise restored, what adverse effects, if any, could result from such a withdrawal?

(d) If it were to be restored, would there be any need to do so sooner than in 27 months?

You may wish to comment also on the general reasons for the existence of large unobligated balances of HHFA authority to borrow from the Treasury. For example, does this result from favorable economic conditions, or the successful operation of HHFA? From administrative practices, or the use of alternate sources of funding? From limitations imposed by appropriations acts or reports, or by budgeting policy?

While it now appears that S. 2965 may not be called up in the Senate in the next week, it could come up at any time and very quickly. I want to be able to study this and other information related to the bill before the debate. Therefore, I hope you will send me a reply as soon as possible. If a complete answer cannot be prepared quickly, I would like to have a memorandum on the first question, 2(f) and 3(a) meanwhile.

I enclose a copy of the bill as reported, and thank you for your attention to this subject.

Sincerely,

JOHN SHERMAN COOPER.

(No reply received.)

APRIL 28, 1962.

Hon. DAVID E. BELL,
Director, Bureau of the Budget, Washington, D.C.

DEAR MR. BELL: I know you are familiar with the provisions of Senate bill 2965, known as the Standby Public Works Act of 1962, as reported to the Senate by the Public Works Committee. I would like to ask the following questions about the proposals in this bill, and their possible effects on existing authorities and programs:

1. Has the method of financing provided in section 10(b)—that is, transferring to any other department or agency for a different use the unused Treasury borrowing authorized by the Congress for specific purposes—ever been used before? If so, on what occasions?

2. How does this method differ, in its effect on the budget, from providing a new authority to expend from public debt receipts for public works to relieve unemployment?

3. What is the purpose of your recommending this new financing method?

4. What are the various authorizations available for the Housing and Home Finance Agency from which withdrawals could be made under section 10(b), what are their statutory purposes, and what programs of the Agency could be affected by the withdrawal of $2 billion from any of these authorizations?

5. Would not the Chavez amendment, section 8, provide sufficient funds, if appropriated by the Congress, to get public works programs for the purpose of relieving unemployment underway and tested during fiscal 1963 and 1964?

6. Is it not now possible for the President to accelerate existing public works programs—first, through the accelerated expenditure of funds already appropriated, and through the use of existing contract authorizations, revolving funds, and authorizations to expend from public debt receipts; and second, through acceleration of authorized projects and requesting additional appropriations when necessary for their completion?

7. Approximately what number and dollar volume of public works projects in each of the existing programs could be undertaken in fiscal 1963 and 1964 in each case above, without the new authority provided by S. 2965?

8. What are the criteria for each of the existing Federal loan programs, loan-grant programs, and grant programs for public works as defined in section 14(c) which would be waived by the provisos in section 5 (and by section 6(c) and 7) permitting grants up to 50 percent of the cost of projects, loans for the remainder, and removing the existing limitations regarding the apportionment of funds, the time in which grants may be made, and the dollar amounts of grants for any purpose, project or program.

9. Could this have a derogatory effect on existing programs such as community facilities, housing, airports, and others, or disrupt these programs to the extent it changes existing standards and criteria? Could it lead to demands that the standards for local and State participation and responsibility in these programs, now accepted by the Congress and local governmental bodies, be lowered?

10. If these criteria were changed at the present time to the lower standards provided by the bill, approximately what number and dollar volume of projects in each of the programs covered by the bill could be qualified for construction which could not otherwise be qualified, assuming sufficient funds were made available in both cases?

While it now appears that S. 2965 may not be called up in the Senate next week, it could come up at any time and very quickly. I want to be able to study this and other information related to the bill before the debate. Therefore, I hope you will send me a reply as soon as possible.

I realize that the facts for a complete answer to my 7th and 10th questions may not be immediately at hand. If that is the case, this information could follow and I would appreciate your comments on the other questions meanwhile.

Sincerely yours,

JOHN SHERMAN COOPER.

(No reply received.)

Mr. COOPER. Mr. President, I also ask unanimous consent that there be printed in the RECORD following my remarks a short time ago three amendments which I am prepared to offer to the bill, together with an explanation of the amendments. I had intended to offer them on behalf of myself, the Senator from Delaware [Mr. BOGGS] and the Senator from Hawaii [Mr. FONG] in the case of all three amendments. In the case of the first amendment, amendment A, I had intended to offer it also on behalf of the Senator from South Dakota [Mr. CASE]. That amendment to strike the bill's financing provision would have been offered had the Senator from Virginia not offered his amendment; but I congratulate him for offering the amendment.

The amendments and explanation were ordered to be printed in the RECORD, as follows:

COOPER AMENDMENT TO SECTION 10 OF S. 2965

On page 14, beginning with line 1, strike out all through line 14 on page 15.

EXPLANATION OF THE COOPER AMENDMENT TO SECTION 10 OF S. 2965

The amendment strikes section 10(b) of the bill.

This is the section "to expedite financing activities" under the act, by permitting the President to borrow $2 billion for public works construction from funds authorized for the Federal Deposit Insurance Corporation, the Federal Savings & Loan Insurance Corporation, the Federal Home Loan Banks, the Housing and Home Finance Agency, and the International Bank for Reconstruction and Development.

The section struck out by the Cooper amendment follows section 10(a), which authorizes funds to carry out the purposes of the act by appropriations.

COOPER AMENDMENT TO THE KERR AMENDMENT TO S. 2965

On page 2, line 25, strike out "$750,000,000" and insert in lieu thereof "$600,000,000".

EXPLANATION OF THE COOPER AMENDMENT TO THE KERR AMENDMENT TO S. 2965

The Kerr amendment, in addition to other changes, increases from $600 million to $750 million the authorization for appropriations for the purposes of section 8 of the bill (known as the Chavez amendment).

The Cooper amendment to the Kerr amendment would reduce this authorization to $600 million—the amount provided by the committee bill on page 11, line 1, and the amount recommended for the program by the President. It would be subject to action by the Appropriations Committees.

The section for which this authorization provides funds (section 8, known as the Chavez amendment) is directed to the construction of public works in areas having substantial unemployment in at least 9 of the 12 preceding months and in "redevelopment areas" designated under the Area Redevelopment Act. It is effective upon enactment, and would finance projects which could be completed not later than 27 months after the date of enactment. It would provide aid in those areas where there is greatest unemployment.

COOPER AMENDMENT (IN THE NATURE OF A SUBSTITUTE) TO S. 2965

Strike out all after the enacting clause and insert in lieu thereof the following: "That this Act may be cited as the 'Emergency Public Works Act of 1962'.

"FINDINGS

"SEC. 2. The Congress finds that (1) certain communities and areas of the Nation are presently burdened by substantial unemployment and underemployment and (2) action by the Federal Government is necessary to provide immediate useful work for the unemployed and underemployed in these communities. It is the intent and purpose of the Congress to provide for an immediate program of assistance for public works in those areas.

"GENERAL AUTHORIZATION

"SEC. 3. (a) The Housing and Home Finance Administrator (hereinafter referred to as the 'Administrator'), may exercise the authority provided in this Act in areas currently designated by the Secretary of Labor as having been areas of substantial unemployment in each of at least nine of the twelve immediately preceding months, and in areas currently designated as "redevelopment areas" pursuant to the Area Redevelopment Act.

"(b) The Administrator shall prescribe rules, regulations, and procedures which will assure that adequate consideration is given to the relative needs of the areas eligible for assistance. In prescribing such rules, regulations, and procedures, the Administrator shall consider among other relevant factors: (1) the severity of the rates of unemployment in eligible areas and the duration of such unemployment, and (2) the income levels of families and the extent of underemployment in eligible areas.

"(c) In the case of those projects or programs which qualify under standards established by the Administrator applying uniformly to all similar areas, if the Administrator determines that an area suffering unusual economic distress (because of a sustained extremely severe rate of unemployment or an extremely low level of family income and severe underemployment) does not have economic and financial capacity to assume all of the additional financial obligations required, a grant otherwise authorized pursuant to this Act for a project or program in such area may be made without regard to any provision of law limiting the amount of such grant to a fixed portion of the cost of the project or program, but the recipient of the grant shall be required to bear such portion of such cost as it is able to and in any event at least 10 per centum thereof.

"GRANTS FOR PUBLIC WORKS PROJECTS NOT ELIGIBLE UNDER EXISTING PROGRAMS

"SEC. 4. (a) For the purpose of this Act, the Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to make grants from funds appropriated pursuant to section 7 to States and local public bodies to finance the initiation or acceleration of public works projects and programs which are not eligible for grants under other Acts of Congress.

"(b) The amount of any grant made under the authority of this section shall not exceed 50 per centum of the cost of undertaking and completing the project or program for which the grant is made.

"FEDERAL LOANS

"SEC. 5. (a) For the purpose of this act, the Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to use funds appropriated pursuant to section 7 to purchase the securities and obligations of, or make loans to, States and local public bodies which otherwise would be unable to meet their share of the cost of projects and programs for which grants have been authorized pursuant to section 4 of this Act.

"(b) All securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other financial institutions through agreements to participate or by the purchase of participations or otherwise.

"(c) No securities or obligations shall be purchased and no loans shall be made including renewals or extensions thereof which have maturity dates in excess of forty years.

"(d) Financial assistance extended under this section shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (1) 3 per centum per annum, or (2) the total of one-half of 1 per centum per annum added to the rate of interest required to be paid on funds obtained for the purposes of this section as determined by the Secretary of the Treasury as provided under subsection (e) of this section.

"(e) Funds used for the purpose of this section shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the preceding fiscal year and adjusted to the nearest one-eighth of 1 per centum.

"RESTRICTIONS AND LIMITATIONS

"SEC. 6. The authority conferred by this Act shall be subject to the following restrictions and limitations:

"(1) No financial assistance shall be made with respect to any project or program unless the project or segment of work, to be assisted under this Act—

"(A) can be initiated or accelerated within a reasonably short period of time;

"(B) will meet an essential public need;

"(C) if initiated hereunder, can be completed within 18 months after initiation, but not later than twenty-seven months after the date of enactment of this Act;

"(D) will contribute significantly to the reduction of unemployment; and

"(E) is not inconsistent with locally approved comprehensive plains for the jurisdictions affected, wherever such plans exist.

"(2) Not more than 12½ per centum of the funds provided for projects and programs pursuant to this Act shall be made available within any one State.

"(3) The Administrator shall prescribe such rules, regulations, and procedures as will assure that no assistance under this Act shall be made available to any State or local public body unless the project or program for which the assistance is granted produces a net increase in the exenditures of such State or local public body for public works projects approximately equal to the non-Federal contribution to the project or program.

"APPROPRIATIONS AUTHORIZED

"SEC. 7. There is hereby authorized to be appropriated the sum of $600,000,000 to carry out the provisions of this Act.

"ADVANCES FOR PUBLIC WORKS PLANNING

"SEC. 8. Section 702 of the Housing Act of 1954 is amended by striking out in subsection (3) 'July 1, 1961'; and the remainder of the subsection, and inserting in lieu thereof, 'July 1, 1961; and such additional sums which may be made available from year to year thereafter.'

"LABOR STANDARDS

"SEC. 9. All laborers and mechanics employed by contractors or subcontractors on projects and programs assisted under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. No such project or program shall be approved without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z–15), and section 3 of the Act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276c).

"DEFINITIONS

"SEC. 10. As used in this Act—

"(a) The term 'State' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

"(b) The term 'local public body' includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities, counties, or other political subdivisions of States; Indian tribes, and boards or commissions established under the laws of any State to finance specific public works projects.

"(c) The term 'public works' includes the construction, repair, and improvement of: public streets, sidewalks, highways, parkways, bridges, parking lots, airports, and other public transportation facilities; public parks and other public recreational facilities; public hospitals, rehabilitation and health centers, and other public health facilities; public refuse and garbage disposal facilities, water, sewage, sanitary facilities, and other public utility facilities; civil defense facilities; public police and fire protection facilities; public educational facilities, libraries, museums, offices, laboratories, employee housing, and other public buildings; and public land, water, timber, fish and wildlife, and other conservation facilities and measures.

"(d) The term 'project' includes a separable, usable feature of a larger project or development.

"(e) The term 'segment of work' means a part of a program on which the work performed can be separately identified by location and will provide usable benefits or services."

Amend the title to read as follows: "A bill to provide authority to accelerate public works programs of State and local public bodies in areas of the Nation where there is substantial unemployment and underemployment."

EXPLANATION OF COOPER AMENDMENT TO S. 2965

In committee, I moved, with Senator BOGGS, to strike the $2 billion standby authority from the bill. I also moved to strike sections 10(b), the financing method giving authority to the President to borrow the $2 billion from funds authorized for the Housing and Home Finance Agency, the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the Federal Home Loan Banks, and the International Bank for Reconstruction and Development.

These motions were defeated, and the provisions are in the committee bill. The committee bill includes an additional section (sec. 8), known as the Chavez amendment, which authorizes an appropriation of $600 million for public works not now eligible for Federal assistance.

The amendment offered by Senator KERR provides standby authority of $750 million, and $750 million for immediate use in areas of substantial unemployment under the Chavez amendment. His amendment would also strike the provision authorizing the President to borrow from the above-named agencies.

The purpose of my amendment is to limit the bill to the Chavez amendment (sec. 8 and its application to secs. 6 and 7).

The Cooper amendment—

1. Authorizes $600 million, to be appropriated, for public works not now eligible for Federal assistance.

2. Would be administered by the Administrator of the Housing and Home Finance Agency. This Agency now has jurisdiction for community facility projects, has experience in the field of local public works, and is specified in sections 6 and 7 of the committee bill for this work.

3. Would provide Federal assistance to local communities on a matching basis. However, upon a determination by the Administrator that the communities were not able to provide their 50-percent share, such share could be reduced, but not lower than 10 percent, providing assurance that projects would meet an essential public need.

4. In the event a community is not able to provide its share of cost, the Administrator is authorized to make loans to the community for its share. Loans would not be for more than 40 years—at 3 percent, or ½ of 1 percent added to the rate of interest paid on funds obtained for loans.

5. The $600 million authorized by the Cooper amendment would be expanded in areas of the Nation having substantial unemployment in each of at least 9 of the 12 preceding months and in areas designated as "redevelopment areas" under the Area Redevelopment Act.

Each of the provisions above are identical with provisions included in the Committee bill under the Chavez amendment. They are included also under the Kerr amendment, which, however, raises the amount in the bill from $600 million to $750 million.

The total cost of the Cooper amendment would be $600 million as compared to $2.6 billion provided by the Committee bill, and $1.5 billion provided by the Kerr amendment.

The $600 million authorized by the Cooper amendment would be subject to action by the Appropriations Committees.

The Cooper amendment would strike the $2 billion standby authority authorized by the Committee bill, and the $750 million standby authority authorized by the Kerr amendment.

The money appropriated under the Cooper amendment would be expended in the areas of greatest unemployment and need. The funds would be expended on local projects which could be quickly planned, and upon which construction could be quickly commenced.

The Cooper amendment does not touch existing Federal public works programs or existing grants-in-aid programs, as does the Committee bill and the Kerr amendment. Hence it does not upset the existing criteria for such programs, which have been considered and authorized by the Congress.

Mr. KEATING and Mr. BUSH addressed the Chair.

Mr. COOPER. I yield to the Senator from New York.

The ACTING PRESIDENT pro tempore. The time of the Senator from Kentucky has expired.

Mr. KEATING. Could the Senator take one more minute?

Mr. DIRKSEN. Madam President, I yield the Senator 1 more minute.

Mr. KEATING. Madam President, I think those of us who do not serve on the Committee on Public Works owe a deep debt of gratitude to the Senator from Kentucky, to the Senator from South Dakota, and indeed to the Senator from Virginia and other Senators who have focused attention upon this erratic proposal to take money provided to protect loans of the World Bank and deposits in savings and loans associations, and to put it into a public works program. This is the most fantastic proposal I have ever seen made in the Senate.

A vote on this should be a rebuke, a firm rebuke to those who shortsightly propose any such fantastic method of financing.

I commend those who have taken that position.

Mr. ROBERTSON. Madam President, I yield 5 minutes to the distinguished Senator from Connecticut [Mr. BUSH].

Mr. BUSH. Madam President, I join the Senator from New York [Mr. KEATING] in complimenting the Senator from South Dakota [Mr. CASE], the Senator from Vermont [Mr. PROUTY], the Senator from Kentucky [Mr. COOPER], the Senator from Delaware [Mr. BOGGS], the Senator from Hawaii [Mr. FONG], the Senator from Iowa [Mr. MILLER], and the Senator from Virginia [Mr. ROBERTSON] upon their strong position with respect to the phase of the bill about which we are speaking. It is one of the most amazing proposals I have ever seen in my business and political life.

The Senator from Pennsylvania [Mr. CLARK] said that it is irrelevant to have a vote upon the amendment. I think it is highly relevant indeed, and I hope that he is correct, and that the Senate will unanimously reject the proposal. The amazing fact is that the provision came into the bill as a serious proposal by the administration. I hope that the Senate's action today will nail the idea for all time, so that never again will such a ridiculous proposal as the one about which we are speaking come before the Senator or the House.

The proposal is a form of legalized embezzlement. If we were not a part of the Federal Government; if what the proposal would permit were done in private business circles, someone would go to jail. It would be exactly like a corporation dipping into pension trust funds and using those trust funds to finance deficits in its business.

Mr. CLARK. Madam President, will the Senator yield for a question?

Mr. BUSH. I will not yield until I have finished. If I then have time, I shall yield.

I can imagine what an outcry there would be if important executives were found dipping into pension trust funds in order to finance the losses of their business. That is what the administration is asking the Congress to approve. So I think the vote will be very significant. This proposal is another evidence that the administration seeks over and over again to bypass the Congress of the United States in matters affecting the need for money to finance proposed operations.

I think the time has come for us to give this proposal a good setback. I hope the Senator from Pennsylvania is correct, and that the Senate will unanimously agree to take that action.

Mr. CLARK. Madam President, will the Senator yield for a question?

Mr. BUSH. I yield.

Mr. CLARK. Is the Senator from Connecticut suggesting that either the President of the United States or the senior Senator from Pennsylvania is an embezzler?

Mr. BUSH. No; I did not suggest that.

Mr. CLARK. I thank my friend for his courtesy.

Mr. BUSH. I hope the Senator does not have a guilty conscience about the bill. I am not suggesting any individual slight to the President or to the Senator from Pennsylvania. I merely say that if the kind of proposed action took place in private business, it would be looked upon as embezzlement. That is all. I think it is time for us to realize that we cannot have a separate set of

ethics and standards for the Federal Government from what we have in any other walk of life.

Mr. KERR. Madam President, I yield myself 7 minutes on the bill.

I am surprised at the language of the Senator from Connecticut. But if I were looking for a saint, I would not pick him out. I resent the statement that he made that if the bill as presented by the President of the United States were enacted, it would amount to embezzlement. I know of no prerogative on the part of a Member of the Senate off of this floor to state that an official request by the President of the United States would promote embezzlement.

Mr. BUSH. Madam President, will the Senator yield?

Mr. KERR. I do not. Certainly if the Congress of the United States passed a piece of legislation authorizing the President to finance public works projects in areas that are distressed, because of the high rate of unemployment or the poverty-stricken condition of the people in those areas, then the carrying out of that authority by the President could not become embezzlement, official or private, under any stretch of even partisan political imagination. No Senator knows that any better than does the Senator from Connecticut.

The Senator from Oklahoma tried in every way he knew how to resolve the differences between the members of the two parties in the Committee on Public Works. It was with the deepest regret that I came to the floor of the Senate with a bill from that committee that was reported on a partisan basis. Even after it was voted out on a partisan basis I sought the opportunity to cooperate with the distinguished Republican members of that committee, for whom I have the highest respect and regard. Through the years, as a member of that committee, I have worked as much with the great Senator from South Dakota [Mr. CASE] as with any member of that committee. So far as I know, the present bill is the first bill that ever came from the Public Works Committee of the Senate to the Senate floor since the Senator from South Dakota and I have been members of the committee with respect to which we were not together on the provisions of the bill. The same has been has been true with reference to the distinguished Senator from Kentucky [Mr. COOPER]. Time and time again the Democratic members of that committee, under our great chairman, the Senator from New Mexico [Mr. CHAVEZ], and with my cooperation, have worked to resolve our differences with the Republican members of that committee.

We have done it with the distinguished Senator from Delaware [Mr. BOGGS] and with the distinguished Senator from Hawaii [Mr. FONG]. We have striven to do it with the distinguished Senator from Vermont [Mr. PROUTY], and the distinguished Senator from Iowa [Mr. MILLER]. Through the years that committee has striven to eliminate its differences with reference to proposed legislation brought to the floor of the Senate. That was our purpose in the present bill.

In the final analysis, it became apparent that we could not resolve our differences on the bill. However, I invite attention to the fact that the difference between the Democrats on the committee and the Republicans is one of amount. The Republican members of the committee are sponsoring a substitute bill. I do not know whether or not they are all in entire accord as to what the provisions of the substitute bill should be. I am aware of the fact that many of the Republican members of the committee agreed with the distinguished Senator from South Dakota on the provisions of his substitute bill. It is before the body now. It calls for an accelerated public works program of projects already authorized, and for the authorization of $500 million for additional public works projects not now authorized. The amendment of the Senator from Oklahoma and the Democratic members of the committee calls for a public works program of $750 million for the first fiscal year.

Actually there is not as much difference between the first part of our proposal and that of the Senator from South Dakota as might appear from an examination of the two figures, $500 million on the one hand and $750 million on the other, because, in addition to its proposal to authorize the $500 million, authority is proposed for all agencies of the Government engaged in the building or construction of public works to accelerate their program by 10 percent in each of the next 2 fiscal years. When that amount is added to the $500 million, the difference between the two proposals is reduced, insofar as the fiscal year 1963 is concerned.

The proposal of the Senator from Oklahoma and the other Democratic Members of the Senate goes further, and provides that if conditions worsen there will be triggered an authorization of an additional $750 million, to take effect at the beginning of fiscal 1964, implemented only by appropriations.

It had been my hope that we could work out this matter and resolve these differences without the slinging of epithets or insults across the aisle. I have none to deliver or sling at anyone. I resent what the Senator from Connecticut has said. I he repeats it, I will resent it again. If he wants to engage in a broil under the Senate rules on the Senate floor, the Senator from Oklahoma is ready to engage in it.

The PRESIDING OFFICER (Mr. METCALF in the chair). The time of the Senator has expired.

Mr. KERR. I yield myself 5 additional minutes on the bill.

When the Senator refers to a situation under which the President of the United States makes a proposal and Congress passes a law to implement it, and states that anyone participating in it would be guilty of embezzlement, he makes a statement which constitutes an insult and which is unjustified and which he cannot under any circumstances substantiate.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. KERR. I do not yield.

Mr. DIRKSEN. I yield 5 minutes to the Senator from Connecticut on the bill.

Mr. BUSH. I am sorry that the Senator does not wish to yield. I should like to ask the distinguished Senator from Oklahoma if my statement was not correct that if any corporate management or anyone in business life did what is proposed to be done here, namely, to dip into the trust fund or the pension fund of his company, to borrow money from it, or to take money from it, in order to finance a deficit in his own business, whether there would not be grounds for him to go to jail. This has been said on the floor with respect to this same matter. This is what I am trying to point out. It is that we are trying to set a different standard for the Federal Government than is commonly expected to be an appropriate standard in business and commercial life.

Mr. KERR. I will answer the Senator on my own time.

Mr. BUSH. I ask the Senator to comment on it.

Mr. KERR. I yield myself 2 minutes on the bill. There is no relationship between directors of a corporation taking an illegal action and the situation that would be before the Senate if the body had before it proposed legislation to carry out a recommendation of the President of the United States. That would contemplate a situation which was duly authorized by Congress. The illustration the Senator from Connecticut used was presumed to be an illegal situation. Therefore there can be no relationship between the situation that he visualized and the situation that would be contemplated under legislation to legally authorize the President of the United States to take action. Therefore, there is no justification for the statement that if a private corporation were to do that which is contemplated here it would be a violation of the law, because nothing is contemplated here except the enactment of a law, which, if enacted, would make legal the action taken under it.

Therefore there can be no relationship between the two, and no one knows that better than the Senator from Connecticut. Therefore his illustration cannot be based upon what he believes to be the facts, but must be based on what he believes to be an opportunity for political advantage.

Mr. DIRKSEN. I yield 2 minutes to the Senator from Connecticut.

Mr. BUSH. I wish to say that what the bill seeks to do is to make legal what would be, in any other enterprise or walk of life, illegal. That is the reason why I have spoken as I have. I think it would set a very bad example. In order to show how bad an example it is, it had to be related to the established standards of conduct in connection with pension funds or trust funds in other walks of life. I agree I have spoken strongly. I have not accused anyone of being an embezzler. I have said that if this type of thing were done in any other walk of life, or in business, or if a union were to do it or if a corporation were to do it, for example, it would re-

sult in those who were responsible for it going to jail.

I do not believe that that is unfair or an incorrect appraisal of the situation. I am not making personal charges. I am pointing out that the situation that confronted the Senate and does confront the Senate is unparalleled, that it is bad business, and it ought to be thoroughly and soundly rejected.

Mr. KERR. I yield myself 3 minutes on the bill.

The Senator from Oklahoma is probably as familiar with corporate setups as is the Senator from Connecticut. The Senator from Connecticut is equally aware of the fact that a corporation can set up its business on the basis of what is provided in its bylaws. It has the authority under law to authorize its officers to utilize funds for legal purposes in certain instances that might be set up for one purpose and available upon the decision of the board of directors to be used for another purpose. So that the illustration the Senator used with reference to private enterprise is not applicable, because that which had been contemplated here would have been entirely legal, and the only thing he could compare it to would be a private enterprise operating on a basis that would be a legal one.

Therefore I get back to the earlier position, that the injection into the discussion of embezzlement was inappropriate and unfair and unjustified and highly partisan.

Let me say again that, so far as I am concerned, I would like to see the partisan element of this program elimiated. I will take my chances on the development of partisan issues when it comes for me to run for reelection, without subjecting to a partisan battle the misery of Americans in families that are unemployed in areas that are distressed economically or areas where families are being displaced by abandonment or changes or modernization of industry, or changing conditions.

It would seem to me that a bill that has for its purpose the elimination of human suffering might be considered by the Senate in the traditional manner of both parties, certainly on the Public Works Committee, and that is to meet the problem which confronts all people, Democrats and Republicans alike, in a bipartisan manner, without anyone seeking to reduce it to about the lowest level of partisan politics that I have seen displayed on the floor since I have been a Member of the Senate. I am referring to the remarks of the Senator from Connecticut.

Mr. DIRKSEN. I yield myself 5 minutes on the bill.

First let me say with respect to party relationship in the Public Works Committee, that from observation the minority members and the majority members have always worked exceedingly well together. I compliment the acting chairman on the rather gracious and tolerant way in which he has dealt with the minority. When we sought to fix a time limit on amendments on the bill, all of the minority members and the acting chairman and the majority leader met in my office. After some discussion, we all agreed as to how the bill should be handled and what the mode of procedure should be on the floor of the Senate. So I compliment the committee itself and all the members thereof for the tolerant and forebearing way in which this subject was considered.

I wish to address one word to the distinguished Senator from Pennsylvania [Mr. CLARK], the sponsor of the bill. He undertook to lament the request for a yea-and-nay vote. I think the distinguished Senator from New York [Mr. KEATING] used exactly the right word when he said there ought to be a yea-and-nay vote as a kind of rebuke to those who appeared before the committee and there supported, in the language of the Senator from Kentucky [Mr. COOPER], the unique financing provisions which were originally in the bill.

It should be pointed out that Cabinet members testified before the committee. It should be pointed out that a number of Senators testified. It should be pointed out that the Chairman of the Board of Economic Advisers testified. It should be emphasized that the Director of the Bureau of the Budget testified in behalf of the bill in its original form. Obviously, when the whole procedure is considered, it can well be understood why nobody wants to assume the responsibility of proposing the use of the funds now made available to the Housing and Home Finance Agency dipping into the balance of the U.S. subscription to the World Bank, and tampering with the borrowing authority reserves of the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation. I can well understand now why no one wishes to associate himself with that suggestion; but "rebuke" is the word, and the Budget Bureau today ought to be rebuked by a solid vote of the Senate for proposing and sponsoring a financing provision of that kind.

I trust that we may now get on with the business, that we may now proceed with the yea-and-nay vote on the question of the deletion of language on pages 13, 14, and 15, and will then let other language, in the from of direct authorizations for appropriations, be submitted.

Mr. ROBERTSON. Mr. President, I yield 5 minutes to the distinguished Senator from Ohio.

Mr. LAUSCHE. Mr. President, it seems that the result of the vote which will be taken will indicate that the original contents of the bill were unsound, so far as they dealt with the method of financing this proposal; but, in my judgment, we cannot rest content upon the anticipated result unless we allow what is happening to leave with us the impression that this type of financing will not be tolerated by the U.S. Senate. Unless it is today written permanently that the Senate will not allow a raid on the trust funds to take place, all that we shall do will be in vain.

If the proposal were made that trust funds be diverted in the bill, it might occur to someone in the future that what was denied on this day may be retried and made successful. That should not happen.

It must be conceded that under the language in the bill authorizing funds for public works projects, the Government may take the trust funds which were pledged to depositors in building and loan associations as a guarantee that their deposits will not be lost in case of a failure of the associations. It also must be admitted that the language of the bill provides that trust funds which were impounded or earmarked to guarantee against losses to depositors in banks may be taken. It is pretty hard to conceive how the thought was originated that this mode of financing ought to be adopted.

Banking institutions and savings and loan associations in Ohio have sought authority to operate, but they have encountered difficulty because the Federal body guaranteeing the deposits in such associations have said that, for instance, in Cuyahoga County there were too many building and loan associations, and that the Federal body could not undertake to guarantee any more deposits. I point that out merely to establish the significance and meaning of guarantees of deposits up to $10,000.

I concur in the statement of the Senator from Oklahoma [Mr. KERR] that the Senate has the authority to do whatever it pleases, and that there would be no legal wrong upon which actions could be brought. Right or wrong, the Congress is omnipotent in this matter. It can give and it can take away. However, I think the Senator from Oklahoma realizes, just as all other Senators realize, that at least normally, when the deposit guaranty agencies were created, Congress stated to the depositors that the Government would create a trust fund, made up of the premiums paid by banks and building and loan associations, which would be available if and when moneys were needed to pay depositors whose deposits were lost. Depositors further were told that while the Government would set aside the premiums paid by banks and savings and loan associations; that pledge would be reinforced by another pledge by the Government to pay the moneys needed in the event of failures of the depositaries.

That pledge should be kept; we should not break it. I think the result of the motion made by the Senator from Virginia will indicate our purpose to keep that pledge.

I commend the Senator from Virginia [Mr. ROBERTSON], the Senator from Kentucky [Mr. COOPER], the Senator from South Dakota [Mr. CASE], and also the Senator from Oklahoma [Mr. KERR], because the Senator from Oklahoma is just as conscientious as the rest of us concerning the belief that the funds should not so be used.

Mr. President, my argument probably has been meaningless, because the mind of the Senate is pretty well fixed; but I believed something must be said to guard against a recurrence of this act in the future.

Mr. KERR. Mr. President, I yield myself 5 minutes on the bill.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 5 minutes.

Mr. KERR. I wish to say to the Senate that if the motion of the Senator from Virginia is agreed to, it will approve a portion of the amendment now before the Senate, offered by the Democratic members of the Public Works Committee; and in voting for it, I shall in no way be voting to rebuke the President of the United States, the Secretary of Labor, the Assistant Director of the Bureau of the Budget, the members of the Economic Advisory Council, or anyone else. My purpose is to secure the enactment of legislation to relieve the misery of poverty in areas of excessive unemployment and economic distress; and it was my judgment that in order to expedite the passage of proposed legislation to permit that, it would be the part of wisdom to bring to the Senate a proposal to finance it on the basis of authorization and appropriation. That was my purpose, and it was also the purpose of those of my colleagues who joined me in offering the amendment; and our purpose was not to deliver a rebuke to anyone.

In order that the distress of my friend, the Senator from Ohio [Mr. LAUSCHE], may be alleviated, and in order that the impression he has had—which was erroneous—may be corrected, I say to him that the bill as reported to the Senate did not provide for the use of any trust fund of any agency of this Government; and the sacred obligations of the FDIC, the Housing and Home Finance Agency, the Federal Savings and Loan Corporation, and the others referred to, would not in any way have been jeopardized or hindered by enacting the bill in the form in which we reported it to the Senate.

The unobligated balances in these funds as of June 30 are as follows—and I am not referring to the trust funds of these agencies; I am referring only to their borrowing authority:

The International Bank for Reconstruction and Development, $5,715 million. That is not a trust fund; it is borrowing authority which it has had for many years, but has not used.

The Housing and Home Finance Agency, borrowing authority which has not been used, $5,416 million.

The Federal Deposit Insurance Corporation, borrowing authority which it has not used, and has not needed to use, $3 billion.

The Federal Savings and Loan Insurance Corporation, borrowing authority, $750 million.

The Federal Home Loan Bank Board, borrowing authority, $1 billion.

A total of borrowing authority, constituting the unobligated balances of these agencies, of $15,881 million.

Mr. CASE of South Dakota. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I shall be glad to yield in a moment.

So, Mr. President, there was no purpose to jeopardize the trust funds, the fiscal responsibility, or the ability to meet their obligations, of any of these agencies; and the language of the bill, as we reported it to the Senate, and which will be deleted if the suggestion of the Senator from Virginia is carried out, is as follows: "*Provided*, That there are hereby authorized to be appropriated such amounts as may be required to restore such transferred balances not otherwise restored to the sources of funds from which they were derived.

Mr. President, I shall agree to the request of the Senator from Virginia, because I am perfectly willing to have the Senate act on the part of the bill, which I and other Senators sponsored, to eliminate that source of financing from the bill, and then to vote on my amendment, which, if enacted, will provide the regular authorization and appropriation source of financing. I shall do that, I say to the Senate, in order to expedite what I regard as very worthy legislation, which is recognized by Senators on both sides of the aisle as being necessary; and I shall not do it as a rebuke to anyone; and certainly in doing it I am in full possession of my faculties, and therefore I am fully cognizant of the fact that the bill, as reported to the Senate, did not authorize the dipping into any trust fund of any agency of the Government.

Mr. KERR subsequently said: Mr. President, in my remarks I referred to the estimated unobligated balances of agencies which, had the bill been enacted as it was brought to the Senate, would have been used in financing certain provisions of the bill. I ask unanimous consent that at the conclusion of that part of the statement there be included in the RECORD the paragraphs at the bottom of page 5 and a little of the top of page 6 of the committee report which are pertinent to the manner in which these unobligated balances would have been treated had the bill been enacted as brought to the Senate.

There being no objection, the extracts were ordered to be printed in the RECORD, as follows:

FINANCING

Economic developments may cause the standby authority provided by this bill to be invoked when Congress is not in session. In order to expedite financing activities authorized by the standby provisions of this bill, the President is authorized, once the standby authority is triggered, to transfer to the appropriate accounts of any department or agency of the executive branch, balances of authorizations to expend from public debt receipts available for the Housing and Home Finance Agency, for loans to the Federal Savings and Loan Insurance Corporation, for loans to the Federal Deposit Insurance Corporation, for the purchase of obligations issued by the Federal home loan banks, and for payment of the subscription of the United States to the International Bank for Reconstruction and Development. The funds made available for use by the President are far in excess of the $2 billion which the President is authorized to transfer.

Estimated unobligated balances as of June 30, 1962

	Millions
Funds appropriated to the President (borrowing authority available for investment in the International Bank for Reconstruction and Development	$5,715
Housing and Home Finance Agency (borrowing authority)	5,416
Federal Deposit Insurance Corporation (borrowing authority)	3,000

Estimated unobligated balances as of June 30, 1962—Continued

	Million
Federal Savings and Loan Insurance Corporation (borrowing authority)	$750
Federal Home Loan Bank Board (borrowing authority)	1,000
Total	15,881

Since the great bulk of the funds are themselves contingency authority, the committee is confident that the transfers can be made without using any funds likely to be required before the Congress has opportunity to provide the new obligational authority necessary to restore the balances transferred.

To assure that the operations of the agencies from which the President is authorized to transfer funds are not impaired, the committee has required that only those funds estimated to be in excess of the amount needed by these agencies in the current fiscal year for obligation or expenditure for the purposes for which they were made available may be transferred. All transferred balances are authorized to be restored.

Mr. PASTORE. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I had agreed to yield first to the Senator from West Virginia [Mr. RANDOLPH]; and then I shall be glad to yield to the Senator from Rhode Island.

Mr. PASTORE. I thank the Senator.

Mr. KERR. Mr. President, at this time I yield to the Senator from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. President, the brief comment I am about to make will be repetitive. It will, however, also reinforce the lucid statement made by Senator KERR, the acting chairman of the Public Works Committee. Even yet, there may be some disposition among certain Members of the Senate to believe that this legislation came from the Public Works Committee without a provision for the deletion of the language in regard to the objectionable form of financing, to which rather caustic reference has been made.

In order to present this factual background, it is pertinent to indicate that during the discussion of this specific subject matter within the committee, it was the able Democratic Senator from Maine [Mr. MUSKIE], I recall, who first actually discussed this financing situation. Other members of the committee entered into the discussion.

The very fact that the astute acting chairman of the committee [Mr. KERR], who is the floor manager of our bill today, has indicated that the amendments were offered by him, and were cosponsored by 10 other Democratic members of the committee—constituting the entire Democratic complement in the Public Works Committee—is certainly proof positive of the fact that last Friday, in connection with the presentation of the amendments for the majority, it was recognized by the Democratic members of the committee—11 in number, I repeat—that this form of financing should not be used in the important acceleration of public works under the pending bill.

Mr. President, the senior Senator from Oklahoma, and the members of the majority in the committee, have been ob-

jective and have been cooperative in reaching an understanding and compromise on this vital measure.

Mr. PASTORE. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. PASTORE. I should like to compliment the distinguished Senator from Oklahoma, the Senator having the bill in charge, for the statement he made, because I believe he has clarified the atmosphere which has enveloped this Chamber during the last half hour or so.

I regret very much that we have allowed ourselves to use the words "rebuke" and "raid upon trust funds." After all, all of us should have only words of compliment on our lips in regard to what the President is trying to do by this means. This is standard public works legislation to alleviate, as the Senator from Oklahoma has pointed out, the suffering of people in some of the communities; and the President of the United States is alive to the problem, and wants to do something about it, and wants to act on it in a very expeditious way. All he asks of us is that we grant him authority to use the unobligated funds we have previously authorized to other agencies under the President's jurisdiction, so that the President can use that money to create public works projects which will put people back to work in times of a dip in our economy.

I recognize the fact that the Senate is trying to accomplish that in another fashion; and I shall support that. But I want the RECORD to show that I, for one, congratulate the President of the United States for moving at this time. He seeks the power to be able to move in, in order to cure such defects which may occur.

Therefore, Mr. President, I shall support the pending motion—not as a rebuke to the President, but because we in the Congress feel that if occasion for it arises, we will authorize such appropriations and we will make appropriations for that purpose. There is no raid of any trust fund. There is no rebuke of any President. As a matter of fact, this afternoon we ought to congratulate the President for being alert to the situation.

Mr. KERR. Mr. President, I ask unanimous consent that the clerk read the message of the distinguished chairman of the Public Works Committee [Mr. CHAVEZ], and that the time be taken out of the time allotted to the proponents of the bill.

Mr. ROBERTSON. Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator from Virginia has 11 minutes remaining.

It there objection to the unanimous consent request of the Senator from Oklahoma? The Chair hears none, and the clerk will read the message.

The legislative clerk read Mr. CHAVEZ'S statement, as follows:

STATEMENT BY SENATOR CHAVEZ

As chairman of the Committee on Public Works, I normally would handle the bill, S. 2965, which is before us. Because of my inability to speak as well as I would like, Senator KERR has kindly consented to handle the bill for me.

I know that there are other views with respect to the approach which should be taken in providing for public works to aid in reducing unemployment. I want to say that the minority members of our committee have been most cooperative throughout the years that I have been chairman, and I want it to be known that I highly respect them as individuals and respect their views, although in this instance, I cannot agree with them.

S. 2965 as amended by those amendments introduced by Senator KERR would provide the following:

1. There would be authorized an immediate program of public works in the amount of $750 million for use in area of substantial unemployment and a redevelopment areas under the Area Redevelopment Act.

2. There would be authorized a standby program which could not be triggered until after June 30, 1963, in the amount of $750 million. The triggering would occur when the national unemployment rate is at least 5 percent and has risen by 1 percent over a period of 9 months, but not less than 3 months.

3. Both programs would terminate within 27 months after their initiation or authorization. Funds for both would be by direct appropriations.

4. The programs would provide for:

(a) The acceleration of Federal projects;

(b) Increasing the present day grant-in-aid programs;

(c) Allow for additional grant-in-aid programs not now authorized such as the construction of State, county, and municipal buildings, water works, garbage disposal, sewage collection systems, and other such work; and

(d) Funds would be made available for loans for those projects under the grant-in-aid programs where the communities are not able to finance their matching share; and

(e) There would be a limitation under the standby program of 50 percent for grants to public bodies and a limtation of 90 percent under the immediate program to public bodies.

Mr. ROBERTSON. Mr. President, I yield myself all my remaining time.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBERTSON. Mr. President, we met at 10:30 for the purpose of expediting action on this bill. It is now a quarter of 1, and we have not finished action on the first amendment, which was supposed to be noncontroversial.

The junior Senator from Virginia not only hopes, but expects, to get votes on his amendment from both sides of the aisle. Under those circumstances, and in order to expedite action, I ask unanimous consent that there be printed in the RECORD at this point the remarks I had been prepared to make with respect to my amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

I am glad that the Senate leadership has decided to reject the new version of back-door financing proposed in S. 2965, the so-called Standby Public Works Act of 1962. The elimination of this provision makes it unnecessary to refer the bill to the Committee on Banking and Currency. As revised by my amendment, S. 2965 would no longer authorize the President to transfer funds for standby public works from unobligated balances of authorizations to expend from public debt receipts; it no longer would threaten the ability of the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation to back up Government insurance of bank accounts and savings and loan accounts; it no longer would threaten the soundness of Federal home loan bank obligations; and it no longer would threaten the continuance of Housing and Home Finance Agency programs.

I am glad that the Senate has recognized that a proposal of this sort should be dropped without further ado. I am glad that the Senate has recognized that it is not necessary to call in the agencies and industries and individuals, who would have been affected by the proposal, to demonstrate the harm they would have suffered.

I should like, however, to point out another objectionable aspect of this proposal which deserves comment, though it is not one particularly applicable to the Banking and Currency Committee. This proposal would have provided back-door Treasury financing authority for a public works program, but presumably without creating any new back-door borrowing authority and without requiring any increase in the authority to expend from public debt receipts.

As developments during the first session of the 87th Congress showed, a request for an increase of $2 billion in back-door Treasury financing would undoubtedly have met strong and concerted opposition. So, instead of increasing existing back-door Treasury financing by $2 billion, the bill would have permitted the use of existing back-door Treasury financing authorizations for a new purpose.

Back-door financing is bad. And it is just as bad to go through the same back door twice as it is to enlarge the size of the back door.

The proper course is to use the regular appropriations process. When an appropriation has been authorized in substantive legislation, and when appropriations have been made under the authorization, Congress has had a chance to consider the program and its financing carefully and thoroughly. This, in my judgment, is responsible legislation.

I regret to say that I expect to find it necessary in the near future to point out to the Senate the financing features of another bill, S. 3123, which is now on the calendar. Under S. 3123, the construction of a new headquarters building for the Housing and Home Finance Agency would be authorized. But instead of financing this building by the usual appropriations process, another unconventional device would be used. The Federal Housing Administration would be authorized to make a loan from the mutual mortgage insurance fund. This is the fund which covers the FHA regular home mortgage insurance program. Under section 206 of the National Housing Act, moneys in the fund which are not needed for current operations may be invested in bonds or in other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. This is in accordance with the general principles which have always governed the investment of Federal trust-type accounts.

S. 3123 would permit these funds to be lent on what amounts to a 25-year mortgage.

When S. 3123 is brought up for consideration by the Senate, I intend to move to have this bill referred to the Banking and Currency Committee so that we can review its effect on the FHA and those interested in the FHA regular home mortgage insurance program.

Mr. ROBERTSON. Mr. President, I yield back the remainder of my time, and express the hope that we will have a vote, since the yeas and nays have been ordered.

Mr. MUNDT. Mr. President, will the Senator yield me 1 minute?

Mr. ROBERTSON. I yield 1 minute to the Senator from South Dakota.

Mr. MUNDT. I rise merely to salute the Senator from Virginia on his wisdom, prudence, and statesmanship in offering the amendment which has been offered. I am happy we are going to have a rollcall on it. I think it is going to pass overwhelmingly. The reason why I think a rollcall on the amendment is important is the need to establish the legislative record so that the U.S. Senate will speak overwhelmingly this afternoon as a further guideline to the White House, or to anybody else suggesting this kind of financing, that we do not approve of it. I think a rollcall is important for that reason, because I think it is important that those on the other end of the avenue can look at and recognize this senatorial position established by rollcall vote as a wall of financial sanity that we do not expect to destroy or detour.

Mr. ROBERTSON. I appreciate the remarks of the distinguished Senator from South Dakota. I noted, after I had expressed objection to this kind of financing on the 27th of April, that the distinguished Senator from Kentucky [Mr. COOPER] had offered an amendment in committee to take this section of the bill out, but while the committee report was dated the 25th of April, it was not available to us until the 27th of April. I want to acknowledge the fact that the distinguished Senator from Kentucky [Mr. COOPER], as we afterward ascertained, made this point in committee. Naturally, I am pleased to have his support on the floor. I understand he will vote for the amendment.

Mr. President, I yield back all of my remaining time.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the Senator from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. President, we are about to vote, and it really is not necessary to prolong the discussion. However, I feel some satisfaction in seeing the unanimity of support which is developing for the position I took the day following the availability of the President's message to Congress.

I spoke at noon, and I think only two or three Senators were present on the floor at that time. I spoke a second time. In committee I raised the question. During the hearings I raised it with Secretary Goldberg, and the representative of the Bureau of the Budget when we met in executive session. I am glad now to see the members of the majority join, apparently unanimously, in support of the position which I took at that time.

There is one thing I think should be said for the record with respect to whether these are trust funds or not. These several funds are in the table which the Senator from Oklahoma has placed in the RECORD, and were also in the portion of the minority views which I previously placed in the RECORD today. Whether one calls them trust funds or not, they were reserve funds.

The borrowing authority for the Federal Deposit Insurance Corporation, for the Federal Savings and Loan Insurance Corporation, for the International Bank for Reconstruction and Development, and for the Federal Home Loan Bank Board, at least represented funds to be called upon in an emergency. It is true that the language of the bill would have authorized an appropriation to restore the funds if they were used.

The only argument ever advanced for dipping into the reserve funds was that the President should have some money on which he could put his hands when Congress was not in session.

Mr. President, if the banks needed the money, if they needed to use the borrowing authority, or if the savings and loan institutions needed to use the borrowing authority, and the Congress were not in session, what kind of emergency then would exist?

Whether these are called trust funds or reserve funds, the purpose of the funds would have been violated, in my opinion, if we had established a precedent that the borrowing authority from the Treasury could be diverted to spending for current projects. If a real emergency were to arise, for which the reserve funds were created, they might not be available and Congress might not be in session.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield to my colleague.

Mr. MUNDT. Mr. President, I wish to express my congratulations for the spendid job which has been done under the leadership of my colleague [Mr. CASE], along with the Senator from Vermont [Mr. PROUTY], the Senator from Hawaii [Mr. FONG], the Senator from Delaware [Mr. BOGGS], and the Senator from Iowa [Mr. MILLER]. The minority views they wrote form the basis for the amendment which has been offered, on which we are about to vote, offered by the Senator from Virginia.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. DIRKSEN. Mr. President, I yield 1 additional minute to the Senator from South Dakota.

Mr. MUNDT. It seems to me it is a devastating and memorable attack on this type of fiscal irresponsibility, which would obligate reserve funds established for one purpose for expenditure for an entirely different purpose.

It is good for us to study these views carefully. If they have not been printed in the RECORD already, I wish to ask unanimous consent that the two pages of the minority views prepared by my colleagues——

Mr. CASE of South Dakota. Those views have been ordered to be printed in the RECORD.

Mr. MUNDT. Very well. So long as the Senator has already asked to have them printed in the RECORD, they can be studied should a future contingency confront us, and there is no need to have them printed twice.

Mr. KERR. Mr. President, I yield myself 1 minute from the time on the bill.

I wish to remind the Senate that when Senators vote "yea" on the question before the Senate they shall be voting for a portion of the amendment offered by the Senator from Oklahoma and other Democratic members of the Committee on Public Works. The motion of the Senator from Virginia is that a part of our amendment be separated and voted on first. In reality, Senators will be voting for a part of the amendment offered by the Senator from Oklahoma and his Democratic colleagues.

Mr. PASTORE. Mr. President, will the Senator yield to me?

Mr. KERR. Mr. President, I yield 2 minutes to the Senator from Rhode Island [Mr. PASTORE] from the time on the bill.

Mr. PASTORE. Mr. President, I am one of those who sincerely feels and honestly feels that when the President of the United States sent his recommendation to the Congress his motives were noble. In view of what has been said this afternoon, that this is to be a rebuke to the President of the United States, I shall go on record as voting against the motion of the Senator from Virginia.

Mr. MANSFIELD. Mr. President, will the Senator yield me 1 minute?

Mr. KERR. I yield to the majority leader.

Mr. MANSFIELD. Mr. President, I do not look upon this as being a rebuke to the President of the United States. When the President sends a message to the Congress, or proposed legislation to this body, he expects the committee having jurisdiction over the proposed legislation, as well as the Senate, to work its will. He has been a Member of Congress, and for long enough to know where the line of demarcation is. I certainly think the President understands that, so far as this particular committee is concerned, and certainly so far as the Democratic members of it are concerned, there was an exercise of independent judgment, an effort to do what was best. The Senators honored the message which the President sent to the Congress, which called forth the proposed legislation.

By introducing that proposed legislation, I think the Senator from Pennsylvania [Mr. CLARK] did a distinguished service, because he has been interested in the subject for years. I hope that we shall not become involved in politics on this question, but that we may look upon it as a step in the right direction, regardless of party.

Mr. CLARK. Mr. President, will the Senator yield me 30 seconds?

Mr. KERR. Mr. President, I yield 30 seconds to the Senator from Pennsylvania from the time on the bill.

Mr. CLARK. I shall vote "yea" on the vote about to be taken. Some pretty silly things have been said on the floor of the Senate today. Perhaps the most silly of all is that if a Senator should vote "yea" on the vote to be taken, it will be a rebuke to the President of the

United States. It will not be a rebuke to the President of the United States. It will not be a rebuke to the author of the original bill.

Arrangements have been made which I think are highly intelligent, with respect to the management of the bill, to substitute a different method of financing. I am happy to go along with that. I shall, accordingly, vote "yea."

The PRESIDING OFFICER. Do Senators yield back their remaining time?

Mr. MANSFIELD. Time has been yielded back on this side, Mr. President.

Mr. DIRKSEN. I yield back the remaining time on the amendment, Mr. President.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the amendment offered by the Senator from Virginia [Mr. ROBERTSON]. On this question, the yeas and nays have been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. HICKEY], the Senator Alabama [Mr. HILL], the Senator from Washington [Mr. MAGNUSON], the Senator from Alabama [Mr. SPARKMAN], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], the Senator from Georgia [Mr. TALMADGE], the Senator from Idaho [Mr. CHURCH], the Senator from Nevada [Mr. CANNON], the Senator from Louisiana [Mr. LONG], and the Senator from New Mexico [Mr. CHAVEZ] are absent on official business.

I further announce that the Senator from Colorado [Mr. CARROLL], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from Nevada [Mr. CANNON], the Senator from Colorado [Mr. CARROLL], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Alaska [Mr. GRUENING], the Senator from Wyoming [Mr. HICKEY], the Senator from Missouri [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Missouri [Mr. SYMINGTON], the Senator from Louisiana [Mr. LONG], and the Senator from Mississippi [Mr. STENNIS] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from California [Mr. KUCHEL], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Arizona [Mr. GOLDWATER], and the Senator from Wisconsin [Mr. WILEY] are detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from Arizona [Mr. GOLDWATER], the Senator from California [Mr. KUCHEL], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wisconsin [Mr. WILEY] would each vote "yea."

The result was announced—yeas 70, nays 4, as follows:

[No. 68 Leg.]

YEAS—70

Aiken	Hart	Moss
Anderson	Hartke	Mundt
Beall	Hayden	Murphy
Bennett	Hickenlooper	Muskie
Bible	Holland	Neuberger
Boggs	Hruska	Pearson
Burdick	Humphrey	Pell
Bush	Jackson	Prouty
Byrd, Va.	Javits	Proxmire
Byrd, W. Va.	Johnston	Randolph
Case, N.J.	Jordan	Robertson
Case, S. Dak.	Keating	Russell
Clark	Kefauver	Scott
Cooper	Kerr	Smathers
Cotton	Lausche	Smith, Maine
Curtis	Long, Hawaii	Thurmond
Dirksen	Mansfield	Tower
Dodd	McCarthy	Williams, N.J.
Douglas	McClellan	Williams, Del.
Dworshak	McGee	Yarborough
Eastland	Miller	Young, N. Dak.
Engle	Monroney	Young, Ohio
Fong	Morse	
Gore	Morton	

NAYS—4

McNamara	Pastore	Smith, Mass.
Metcalf		

NOT VOTING—26

Allott	Ellender	Long, La.
Bartlett	Ervin	Magnuson
Butler	Fulbright	Saltonstall
Cannon	Goldwater	Sparkman
Capehart	Gruening	Stennis
Carlson	Hickey	Symington
Carroll	Hill	Talmadge
Chavez	Kuchel	Wiley
Church	Long, Mo.	

So Mr. ROBERTSON's amendment to agree to a portion of Mr. KERR's amendment was agreed to.

Mr. KERR. Mr. President, I yield myself 30 seconds on the bill to call attention to the fact that in the language deleted on page 14, lines 18 and 19, specific exception of an exclusion from the provisions of the bill with reference to balances of trust funds was provided in the bill that was brought to the floor and in the language that was deleted.

Mr. President, I now ask unanimous consent that the remaining amendments contained in the amendments offered last Friday by myself and other Senators be considered en bloc with the appropriate language in line 11 to connect the portion of the amendments prior thereto and the part of the amendments subsequent to that which was deleted so that it will be grammatically correct.

Mr. CASE of South Dakota. Reserving my right to object, earlier during the day when the request was first made to consider the amendments en bloc, I raised a question with regard to the four amendments which appear on page 2, lines 14 to 21, of the amendment offered by the Senator from Oklahoma, for himself and other Senators. I raised the question as to whether or not that destroyed the limitation which the language had deleted by those amendments. The Senator from Oklahoma suggested that I should confer with him on that.

It is true that those amendments would remove the limitations in those four categories on pages 7, 8, 9 and 10. However, the Senator from Oklahoma has called my attention to the fact that on page 13 of the bill he has restored a limitation under the paragraph designated "(b)," which starts in line 3 of page 13.

I now wish to ask the Senator from Oklahoma if that is correct, namely, that in his judgment the language in lines 3 to 10, inclusive, on page 13, identified as paragraph (b), restores an appropriate limitation for the four categories that would have been eliminated under the language he proposes to strike.

Mr. KERR. The answer to the question is almost yes. Paragraph (b) on page 13 specifically provides that assistance shall not be more within any one State that 12½ percent of the aggregate funds provided for projects and programs pursuant to sections 4, 5, 6, and 7 of the Act.

I believe that the language on page 2 of the amendment, beginning with line 16 and running through line 21 in reality refers to the allocation of moneys under the bill, as had been contemplated——

Mr. CASE of South Dakota. Had there been the $2 billion authorization.

Mr. KERR. As had been contemplated had there been the $2 billion authorization. Therefore I do not believe that the accomplishment of the Senator's purposes depends upon the defeat of these four amendments; rather, I believe the four amendments are in the direction of accomplishing the Senator's position.

Mr. CASE of South Dakota. I believe that is probably true, in view of the amendment which has already been adopted. Therefore I would not object to considering the amendments en bloc with respect to those four amendments that I have mentioned. However I do object to and would want a separate vote on the two amendments which deal with money authorization. Those two amendments I describe as follows:

On page 2 of the group of amendments offered by the Senator from Oklahoma, for himself and other Senators, beginning at line 22, there is contemplated a change of the $600 million figure in the bill to $750 million, with a little additional language. I would want a separate vote on that proposal, to increase the figure from $600 million to $750 million.

I also would ask for a separate vote on the amendment which has already been modified in effect, which starts on page 3 at line 11, which would insert a paragraph headed "Appropriations Authorized." That language would insert the second $750 million figure.

On those two amendments I would want a separate vote.

Mr. KERR. I have no objection to voting on those two amendments separately. I now renew my request that the remaining amendments be voted on en bloc.

The PRESIDING OFFICER. Is there objection?

Mr. CASE of South Dakota. I have no objection. However I do wish to point out that the Senator from Iowa [Mr. MILLER] has advised me that he has an amendment to one of the amendments that would be in the bloc group. I want his rights preserved.

Mr. KERR. I would presume that amendments could be offered to the amendments. I therefore have a parliamentary inquiry on that point.

The PRESIDING OFFICER. Before the amendments are agreed to en bloc, the Senator from Iowa would have to designated which amendment he has in mind.

Mr. MILLER. The amendment which I would propose would be to line 6 on page 1 of the Kerr amendments. It may be that my amendment will be agreed to by the Senator from Oklahoma. In any event, I certainly wish to protect my right to offer the amendment at that point.

Mr. KERR. What is the Senator's amendment? I would not know whether I could agree to it unless the Senator tells me what his amendment is.

Mr. MILLER. The amendment would simply change the figure "5" to "6".

Mr. KERR. I could not agree to that amendment. However, I would ask unanimous consent that the Senator from Iowa be permitted to offer his amendment as though it were in order, which would accomplish that purpose.

The PRESIDING OFFICER. The Senator from Iowa has a right to offer his amendment before the Senate agrees to the so-called Kerr amendment, which is before the Senate at this time.

Does the Senator from Iowa offer his amendment at this time?

Mr. MILLER. The Senator from Iowa merely wishes to make sure that when we vote, we will vote on the Kerr amendments in two blocs.

Mr. KERR. In three blocs.

Mr. MILLER. In three. I want to be sure that at that time, when we are considering the bloc which will include page 1, the Senator from Iowa may offer his amendment.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KERR. If the Senator from Oklahoma renews his request for unanimous consent that the remainder of the amendments be agreed to en bloc except the two referred to by the Senator from South Dakota and the amendment beginning at line 5 on page 1, and that consent is granted, and if the amendments en bloc, excepting those three, are agreed to, the situation then before us will be the question of voting on those three amendments, and then each one of those amendments will be subject to amendment.

The PRESIDING OFFICER. The Senator from Oklahoma is correct.

Mr. KERR. I renew my request, excluding the amendment included on page 1, in lines 5 through the part of line 8 necessary to exclude the provision from the amendments agreed to en bloc, suggested by the Senator from Iowa.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The question now is on agreeing, en bloc, to the Kerr amendments. Without objection, the Kerr amendments, en bloc, are agreed to.

The next question is on agreeing to the language of the Kerr amendment on page 3.

Mr. KERR. Mr. President, should not that be on page 1, since that is the first amendment of the group not agreed to?

The PRESIDING OFFICER. By unanimous consent, the question is on agreeing to the first amendment of the Senator from South Dakota, on which he desired a separate vote, the amendment being on page 2 of the Kerr amendment, beginning on line 22, and continuing through line 6 on page 3. The question is on agreeing to the amendment.

Mr. KERR. Mr. President, I understood the Senator from South Dakota desired to offer an amendment in the nature of a substitute.

Mr. CASE of South Dakota. Mr. President, I assume that the amendment in the nature of a substitute will be in order after all the perfecting amendments have been acted upon.

The PRESIDING OFFICER. The Senator from South Dakota is correct. After the amendment has been perfected, the substitute may then be offered.

Mr. KERR. Mr. President, I suggest the absence of a quorum and I ask unanimous consent that the time for the quorum call not be charged to either side.

Mr. CASE of South Dakota. Mr. President, what was the question which the Chair put?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota, on which he asked for a separate vote, beginning on line 22 of page 2 and continuing through line 6 on page 3.

Mr. CASE of South Dakota. Mr. President, on that amendment, I ask for the yeas and nays.

The PRESIDING OFFICER. The Senator from Oklahoma has suggested the absence of a quorum. The Senator from South Dakota may ask for the yeas and nays after the quorum is developed.

Is there objection to the request of the Senator from Oklahoma that the time for the quorum call not be charged to either side? The Chair hears none, and it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CASE of South Dakota. Mr. President, on my amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, I yield myself 5 minutes on the amendment.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 5 minutes.

Mr. CASE of South Dakota. Mr. President, this is a very simple issue. It is a choice between making $600 million or $750 million available for appropriation. The language in the bill as reported by the committee, beginning on page 10, line 22, contains these words:

> For the purposes of this section there is hereby authorized to be aprpopriated the sum of $600,000,000 which may be allocated by the President among sections 4, 5, 6, and 7 of this Act.

This is the section of the bill which relates to immediate aid to areas of substantial unemployment. The amendment offered by the Senator from Oklahoma and his associates changes the figure "$600,000,000" to "$750,000,000" with a little additional language. But the meat of the whole amendment is to change from $600,000,000 to $750,000,000 the amount available for immediate appropriation.

When the President sent his messages, he sent really two requests, one which dealt with immediate aid, the other with standy authority. For immediate aid, he asked only $600 million. An amendment to the bill was drawn in that form and presented in the name of the chairman of the committee, the Senator from New Mexico [Mr. CHAVEZ]. All that was asked for the immediate authority was $600 million; consequently, I see no reason at all why the amount should now be changed from $600 million to $750 million. The amendment offered by the Senator from Oklahoma [Mr. KERR] and other Senators would change the amount from $600 million to $750 million.

I propose that the Senate vote "nay" on that amendment, so as to leave the amount at $600 million, the figure requested by the President, and also the figure which was included in the Chavez amendment, following the President's message.

Mr. KEATING. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield.

Mr. KEATING. Is the $600 million or the $750 million—depending on the result of the vote—to be for the authorization of additional projects, projects not already authorized?

Mr. CASE of South Dakota. Yes, it could be for both. It could be spent on the acceleration of present projects, or it could be spent on new projects which the President might designate under the general provisions of the act.

Mr. KEATING. Is there not, in fact, a very large stockpile or shelf of projects which have been authorized but for which funds have never been appropriated?

Mr. CASE of South Dakota. There is a backlog of projects. There is also the possibility of accelerating work on existing projects. That is one of the proposals in the amendment in the nature of a substitute which I propose to offer a little later.

Mr. KEATING. Can the Senator from South Dakota inform us of the dollar value of authorized projects for which no appropriations have ever been made?

Mr. CASE of South Dakota. I cannot give that information, but there is about $1,553 million worth of appropriations for unauthorized projects which might receive some augmentation.

Mr. KEATING. Have not many millions of dollars been authorized for various projects?

Mr. CASE of South Dakota. Yes, Not long ago the Appropriations Committee was informed that no funds have as yet been appropriated or spent for a flood-control project which was authorized in 1938.

Mr. KEATING. I thank the Senator from South Dakota.

Mr. CASE of South Dakota. So, Mr. President, the issue is simply whether we wish to increase the authorized appropriations—not the actual appropriations, for those handled in appropriation bills, which are the province of the Appropriations Committee — from $600 million to $750 million, which is more than the President requested and more than the original Chavez amendment called for.

Mr. KERR. Mr. President, the issue is not quite as simple as my good friend has indicated. I shall try to demonstrate that by what I shall say now.

The bill which the committee reported to the Senate contained two provisions. We are told that Old Gaul was divided into three parts. The bill reported to the Senate was divided into two parts. One was a $600 million immediate authorization which would have covered 146 areas designated by the Secretary of Commerce as redevelopment areas under section 5(a); 778 areas, including 50 Indian reservation areas, designated by the Secretary of Commerce as redevelopment areas under section 5(b) of the same act; and 105 areas not now designated as redevelopment areas, but which have been designated by the Secretary of Labor as areas of substantial unemployment during each of the past 12 months.

The language of the bill with reference to the $750 million has awo additional provisions for areas available for this help. In the first place, it provides that at least 10 percent of the authorizations shall be expended in what are known as rural areas. It is quite true that the areas listed as being under section 5(b) of the Area Redevelopment Act can be rural areas; but there was nothing in the language of the bill with reference to the $600 million that would have tied down a minimum of $75 million for rural areas.

In addition, there are 27 other areas which have been areas of substantial unemployment in 9, 10, or 11 of the last 12 months; and these areas were added by the Senate committee's revision of the original Chavez amendment, which was the $600 million provision.

Mr. CASE of South Dakota. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. KERR. I yield.

Mr. CASE of South Dakota. I recognize that what the Senator from Oklahoma has said as regards this limitation is true. I wonder whether, in the interest of making progress, the Senator would use the language of his amendment, but would change the figure from $750 million to $600 million.

Mr. KERR. I could not do that.

Mr. CASE of South Dakota. And the reservation would apply to the $600 million.

Mr. KERR. I understand; but at this stage I could not do that.

Another provision in connection with the $600 million is "to remain available until expended."

The amounts proposed by me and other members of the Public Works Committee—I refer to the $750 million initial direct authorization and the $750 million to be triggered as a direct authorization upon the occurrence of certain events which have to do with increases in unemployment—are a compromise which was worked out, totaling $1,500 million, in lieu of the $2,600 million contained in the bill as reported by the committee to the Senate. In other words, the proposal is simply to have a $600 million authorization available immediately and $2 billion of standby authority, to be triggered upon the occurrence of certain conditions; and they constituted an overall program which met with the approval of a majority of the members of the committee.

The amendments—in reality they constitute a substitute—offered by me and other Senators have 2 parts, totaling $1,500 million, with $750 million to be available in the fiscal year 1963, and to continue until expended; and the other $750 million is to be triggered as an authorization upon the happening of certain events, and it was figured out by its sponsors as being in lieu of—not the $600 million of the so-called Chavez amendment—but in lieu of the $600 million plus the $2 billion of standby authority. The additional items covered by the $750 million which were not definitely included in the $600 million are as follows: The designation of a minimum of 10 percent—not a maximum—for rural areas; the 27 areas which have been designated as areas of substantial unemployment in 9, 10, or 11 of the past 12 months, and other areas, I may say, which have been so designated since the bill was reported; and the language in the authorization for the $750 million to remain available until expended.

For those reasons, it seemed to me and to my colleagues who joined me in submitting this amendment that this would constitute moving a very long way toward effecting a compromise between the language of the bill as reported and the position taken by Senators who oppose it.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. GORE. As one who served for a long time on the Public Works Committee, though he does not now enjoy that privilege, the Senator from Tennessee wishes to congratulate the distinguished Senator from Oklahoma and other members of the Public Works Committee for bringing to the floor a progressive, realistic bill that is needed at this time to support our economy. It is the kind of program which will bring double benefit: First, the construction of permanent useful facilities which will add to the wealth and the convenience of our country and its people; second, it will place the majority of the money involved in the hands of those who will spend it. It contributes to the consumer stream of finances in the economy.

Mr. KERR. I thank the Senator.

I should like to say one thing more. If the distinguished Senator from South Dakota [Mr. CASE], were present, I would like to ask him a question. I believe the Senator from Kentucky [Mr. COOPER], who is present, is a joint sponsor of the Case substitute. As I understand, it would provide an authorization of $500 million for the next fiscal year, plus an acceleration of 10 percent of Federal programs.

Does the Senator from Kentucky know the amount? I believe the acceleration is 10 percent a year for 2 years. Is that correct?

Mr. COOPER. It is.

Mr. KERR. Does the Senator know the figure to which he 10 percent would be applicable?

Mr. COOPER. The 10 percent would be applicable to the appropriations that were made in this fiscal year and the next fiscal year for Federal programs in which all the funds furnished were from the Federal Government. I believe the amount was estimated at $250 million.

The Senator from South Dakota [Mr. CASE], is now present, and perhaps he can answer the question.

Mr. CASE of South Dakota. It would be $153 million, exclusive of public health services and secondary urban highways. With that 10 percent off, the amount would be $200 million.

Mr. KERR. A year?

Mr. CASE of South Dakota. A year.

Mr. KERR. I thought that was about the situation. It seems to the Senator from Oklahoma that the distinguished Senators from South Dakota and Kentucky are sponsoring a substitute which would be a direct authorization of $500 million for fiscal year 1963, plus an acceleration of about $200 million a year for 2 years with reference to existing authorizations.

Mr. CASE of South Dakota. Yes, on projects which have passed the test of feasibility, and which would be operated under the guidelines which have been established throughout the years with respect to building secondary and urban highways.

Mr. KERR. I did no think highways were included. If they were, I think more than $200 million a year would be involved.

Mr. CASE of South Dakota. We do not include the primary or the interstate highways.

Mr. KERR. What highways are included?

Mr. CASE of South Dakota. I read from page 3 of the proposed substitute:

Any public building, including post offices, or roads or trails in, or to provide access to, national parks, national forests, Federal reservations, Indian reservations, or public recreation areas, or on the public domain.

Mr. KERR. Which does not include ABC or interstate system allocations.

Mr. CASE of South Dakota. No. The table, which I shall at the appropriate time have inserted in the RECORD, lists, among others, forest highways, $34 million; public lands highways, $4 million; parkways, roads, and trails, National Park Service, $44 million; Bureau of Indian Affairs, $19 million; Forest Service, $47 million; Bureau of Land Management, $8 million; Bonneville Power Administration, $24 million; Southwest Power Administration, $3 million.

There is a total of $1,533 million. It would be 10 percent of that.

Mr. KERR. Each year for 2 years?

Mr. CASE of South Dakota. Each year for 2 years.

Mr. KERR. I call attention to that fact only to show that the amendment sponsored by the Senator from South Dakota and his colleagues would raise the money available for fiscal 1963 above $600 million. I commend them for it, but I think, in reality, one of the principal factors here involved is the tabulation of the projects that will be eligible for assistance in this program. It is the thought of those sponsoring the $750 million authorization that a great, broad need exists to justify that grant, and more, but our proposal is limited to that amount, but with the limitation that at least 10 percent of it shall be spent in rural areas.

In view of the fact that there is, in reality, such a limited difference insofar as the $750 million is concerned and the amount in excess of $800 million authorized to be expended by the proposed substitute, it would seem to me there would be no basis for the defeat of the amendment authorizing the $750 million for the first fiscal year.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. KERR. Yes. I yield the floor.

Mr. CASE of South Dakota. Mr. President, I yield myself 3 minutes. While theoretically there could be a $153-million augmentation of these authorized projects, actually there would not be that much, because the proposed substitute provides that the money would be made available only on declaration by the President of an emergency unemployment area. I do not suppose anyone, by any stretch of the imagination, could assume that where these programs were authorized would be designated as emergency unemployment areas.

I had thought that as a practical result, $100 million might be made available. I thought that would be a proper limit, although theoretically it could be $153 million.

I did not particularly want to get into a discussion of the substitute at this time, but I want to point out that there is a vast difference, in my humble judgment, between augmenting and accelerating a project which had been authorized under existing law, the feasibility of which had been passed upon by the Corps of Engineers, the National Park Service, or by some other agency of Government which had determined its need and which had established the routine and methods for expenditure of those funds, and initiation of new projects by an agency in the control of the White House. That is why we have taken that approach in the first main section of the possible substitute bill. In addition, there is the fact that in the projects that have been so established, a fixed cost has been estimated.

If a $5 million river and harbor project has been authorized, if the Army engineers are given authority to spend up to 10 percent more in a given year in a distressed area, that would not necessarily increase the cost of the project. The project still would be a $5 million project.

If $50 million more were provided to accelerate accomplishment of a project, it would not mean any added burden or drain on the Treasury.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield to the Senator from Kentucky.

Mr. COOPER. I should like to have the attention of the Senator from Oklahoma [Mr. KERR].

Mr. KERR. I am listening.

Mr. COOPER. The $750 million which would be approved would be immediately available.

Mr. KERR. Only upon appropriation.

Mr. COOPER. Of course, it would be subject to appropriation. Whatever was appropriated would be immediately available.

I think it is correct to say that we do not know what value the program will have as to relieving unemployment, or how effective it might be. I do not know how long Congress will be in session. Assuming that the session of Congress concludes September 1 or September 15——

Mr. CASE OF South Dakota. I say to my colleague, "Do not go any further."

Mr. COOPER. Perhaps I have gone too far already. The Congress will reconvene in January. Six hundred million dollars would be available for expenditure in the 3, 3½, or 4 months involved. I do not see how more than that could be judiciously used in that time.

Also, there would be an opportunity to see how the program will work out. It is a test program. No one is certain what effect it may have as to relieving unemployment. It seems to me this is an argument for a smaller amount.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COOPER. I should like to have the Senator's response.

Mr. KERR. I shall be glad to give it, Mr. President, and on my own time.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. KERR. If Senators will refer to the hearings conducted on the bill, they will see, beginning on pages 210 and running up to and through about half of page 231, a total of 21 pages listing areas which already have been designated as areas eligible under the Redevelopment Act, 5(a), or under the Redevelopment Act, 5(b), or as areas of continuous substantial unemployment. Areas of continuous substantial unemployment include those with substantial unemployment for each of the past 12 months, plus 27 other areas which have been found to be areas of substantial unemployment in 9, 10, or 11 of the past 12 months.

I refer the Senator from Kentucky to the tabulation of the areas in his own State listed as 5(a) redevelopment areas. The following are outlined:

Corbin (including Clay, Knox, Laurel, and Whitley Counties).

Danville (including Boyle, Garrard, Lincoln, and Mercer Counties).

Elizabethtown (including Grayson, Hardin, Larue, and Meade Counties).

Hazard (including Breathitt, Letcher, and Perry Counties).

Hopkinsville (including Caldwell, Christian, Todd, and Trigg Counties).

Madisonville (including Hophins, Muhlenberg, and Webster Counties).

Middlesboro-Harlan (including Bell, Harlan, and Leslie Counties).

Morehead-Grayson (including Carter, Elliott, Greenup, and Rowan Counties).

Paducah (including Ballard, Graves, McCracken, and Marshall Counties).

Paintsville-Prestonburg (including Floyd, Johnson, Knott, Magoffin, and Martin Counties).

Pikesville-Williamson (including Pike County, Ky., and Mingo County, W. Va.).

Richmond (including Estill, Jackson, Madison, and Rockcastle Counties).

In addition there are about 40 counties listed as being eligible under 5(b) of the Redevelopment Act.

Areas of continuous substantial unemployment listed are Louisville, a major area, and Owensboro, a smaller area.

Those are the areas available for assistance under the terms of the proposed act in the State of Kentucky.

In the hearings there are some 21 pages listing areas which are available under the provisions of the act.

The $750 million is not an excessive amount, considering the task of apportioning $750 million among more than 1,000 areas of this country which already have been declared to be eligible by reason of excessive unemployment or because of depressed conditions. Some of these areas, Mr. President, have unemployment ranging up to 40 percent. It is utterly impossible for me to understand why Senators would think $750 million is an excessive amount with which to attack that wide, broadspread problem which is manifested in more than 50 of the counties of the State of the distinguished Senator from Kentucky, as well as in other States.

It is manifested in every State of the Union. The hearings indicate there is not a State in the Union without some area of depressed economic conditions or excessive unemployment, which would be available for assistance under the $750 million authorization.

Mr. COOPER and Mr. BUSH addressed the Chair.

Mr. KERR. I yield to the Senator from Kentucky.

Mr. COOPER. Mr. President, I must say that I am very conscious of the soft

impeachment by my friend from Oklahoma and also his admonition.

Mr. KERR. The Senator asked me a question with respect to a justification of the $750 million.

Mr. COOPER. The Senator is correct.

Mr. KERR. I only said that if I started out to find it, I would start with the State from which the distinguished Senator comes.

Mr. COOPER. The Senator responded by pointing out the situation in my State, with which I am very familiar. For years I have tried to do something to relieve unemployment in my State and in other States like it.

Mr. KERR. I know that.

Mr. COOPER. And in other areas suffering from the same unemployment problem.

I do not think proof is needed, but I believe I was one of the Republicans who were cosponsors of the area redevelopment bill, which resulted in designation of the areas to which the Senator has referred. I have supported many other measures to provide aid to needy areas. I have always supported a public works bill to aid people who have been left behind, who through no fault of their own, cannot secure employment.

What we are talking about is the best kind of plan to aid these people, the most reasonable plan which will work to their advantage.

Why do I support the amount of $600 million instead of the $750 million the Senator proposes?

First, $600 million is the amount which was proposed by the administration. The committee itself voted for the $600 million. I did not support the bill, for other reasons, but evidently the administration considered that the $600 million was sufficient.

Also the $750 million, which the Senator proposes, could be spent or obligated between the time the bill is enacted, if it is enacted, and the beginning of 1963. At least, the money could be committed in 3 or 4 months. It is actually, therefore, a program at the rate of commitment of $2 billion a year. This is not a small amount.

The chief reason I say we should keep the program at a lower cost is that a public works program is proposed for without experience and without knowledge as to how much help it will give. For this reason alone I think it would be better to authorize funds on the smaller scale of $600 million, the scale which we first considered in the committee.

Mr. KERR. But we considered that in conjunction with the $2 billion standby authority, as the Senator knows.

Mr. COOPER. Yes; but the standby authority would not give immediate help. It would not become available until July 1, 1963, and under conditions which might arise. We hope such a situation will never arise.

Also the $750 million would not be directed wholly to the areas of greatest unemployment which have been listed. I think the Senator will agree that his amendment provides that the $750 million may be used partly in areas of greatest unemployment, partly to accelerate existing programs, which are financed wholly by the Federal Government, and partly to accelerate and augment existing Federal-State aid programs.

It could cover vast areas and types of projects. It would not be wholly directed to the areas of greatest unemployment.

Mr. KERR. The bill contains a provision that the money is to be distributed on a formula to be set up, and it sets forth as items in the formula excessive unemployment and depressed conditions. The exception is that at least 10 percent of the fund shall go to rural areas of that kind or character.

Mr. COOPER. I am not worried about the difference between $600 million and $750 million.

Mr. KERR. I did not think the Senator was.

Mr. COOPER. It is not the question of greatest importance in his amendments.

Mr. KERR. It is not a question of great importance. For that reason I am surprised that the Senator did not embrace the figure of $750 million when we acceded to his position that we would eliminate the $2 billion standby authority for financing, as the Senator said, through the back door. I was astounded when the Senator did not agree with me.

Mr. COOPER. I must make a choice.

Mr. KERR. I appreciate the Senator's position.

Mr. BUSH. Mr. President, will the Senator yield to me?

Mr. KERR. I yield.

Mr. BUSH. I may have missed a discussion of the point of my question while I was absent from the Chamber for a few moments. We are talking about a bill which is labeled the Standby Public Works Act of 1962. On page 3 of the Senator's amendment the following appears:

APPROPRIATIONS AUTHORIZED

SEC. 10. (a) There is authorized to be appropriated for expenditure after June 30, 1963, to remain available until expended, the sum of $750,000,000 to carry out the provisions, other than section 8, of this Act.

My question is as follows: If the bill is an emergency public works measure, why should that provision of the bill take effect more than a year away from now?

Mr. KERR. The amendment now under discussion is with reference to a $750 million authorization that would take effect immediately. The language to which the Senator refers is not the question now being debated.

Mr. BUSH. Is it out of order to ask the question at this time?

Mr. KERR. Not at all. I should be glad to answer it.

Mr. BUSH. That is my question.

Mr. KERR. It was the judgment of the sponsors of the amendment that the $750 million provision, which is now the question about to be voted upon, should be made available immediately.

Mr. BUSH. I understand.

Mr. KERR. Then another provision was added, which we call the standby provision. It would be an authorization that could be triggered only upon the happening of certain events, which are as follows: An increase in unemployment of 1 percent, I believe, in 9 months, provided that upon the increase, the total unemployment equaled 5 percent. In that event, there would be an additional $750 million authorization triggered for the fiscal year beginning July 1, 1963. But we deal with the emergency which is upon us by the immediate authorization of that $750 million, which is the subject of the present debate.

Mr. BUSH. Mr. President, will the Senator yield to me for a moment?

Mr. KERR. I yield.

Mr. BUSH. In view of the fact that Congress will be in session during the first 6 months of next year, why is it necessary to authorize the expenditure of $750 million in a standby bill to take effect not before July 1, 1963?

Mr. KERR. The question has to do with another part of the bill. I am happy to answer the question. In the past 10 years we have seen recessions come and go. Our authorizations for rivers and harbors comes up once each 2 years, as the Senator, who once served on the Public Works Committee, knows. Our authorizations for highways are on a 2-year basis, as the Senator knows. Therefore we felt that the authorization for the emergency public works program immediately, and a standby authority for an additional one after June 30, 1963, in the event that economic conditions should worsen, in accordance with certain specifications, was a question of appropriate consideration. We felt that it would be best that the authorization on a standby basis be placed in the bill so that in the event conditions began to manifest themselves that indicated a worsening which would trigger the second authorization. Knowledge of the provision would enable the President to get ready to implement the second authorization, and the Congress could get ready to implement it by appropriation processes.

Mr. BUSH. The Senator has been one of the able members of the committee for as long as I can remember. Would it not be more in keeping with the tradition and practice of the committee to lay the proposed authorization over until next year so that the Congress itself might appraise the situation in May or June of next year?

Mr. KERR. If that is the decision of the Senate, the Senator from Oklahoma will gladly accept it. However, it seems to the Senator from Oklahoma that the discussion of the Senator from Connecticut would be more appropriate when we reach the point of considering the amendment which would provide the standby authority to which he refers.

Mr. BUSH. I accept the Senator's suggestion on that point. I thank the Senator.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. KERR. How much time does the Senator desire?

Mr. RANDOLPH. Five minutes.

Mr. KERR. I yield 5 minutes to the distinguished Senator from West Virginia.

Mr. RANDOLPH. Mr. President, I oppose the amendment of the Senator from South Dakota [Mr. CASE]. It is a less than adequate treatement of this national problem. I shall oppose other minority amendments which would scuttle this measure. I support the amendments offered by the effective and resourceful senior Senator from Oklahoma [Mr. KERR] for the majority membership of the Committee on Public Works. I would personally prefer a greater emphasis on the immediate action program—a more dynamic one-shot acceleration of public works at this time. That was my view when this legislation was under consideration in our committee. And it was my judgment when I joined the senior Senator from Pennsylvania [Mr. CLARK] and the junior Senator from Rhode Island [Mr. PELL] in cosponsoring S. 986, a bill to assist in the reduction of unemployment through the acceleration of capital expenditure programs of State and local bodies. S. 986, which was to have had the short title, "Emergency Employment Acceleration Act of 1961," was introduced February 20, 1961, by Senator CLARK. I wish to commend him for his foresight, persistence, and pioneering in this vital field of legislative endeavor. I regret that we are so late in coming to grip with legislation which, in essence, is based on the principles of the bill he introduced for himself, Senator PELL, and the Senator who now speaks.

My preference would be legislation such as S. 986, but I recognize that in S. 2965, as it is proposed to be amended, we have a reasonable compromise. It embraces judgments of the administration and those of our colleagues who believe there should be both an immediate action program for acceleration of public works, and standby authority for the President to counter future broadening unemployment and economic recession under terms of a specific formula provided in the bill.

Mr. President, I have sympathy for the viewpoint of our courageous colleague from Alaska [Mr. GRUENING] as stated for the record when he sent to the desk an amendment to S. 2965 on May 17. The Senator's amendment, which I understand will not be offered, would raise the amounts authorized to be appropriated for emergency public works from the $600 million figure in the committee version of the bill as reported to the same amounts authorized to be appropriated for foreign economic assistance under specific sections of the Foreign Assistance Act of 1961, or to approximately $2.6 billion.

The Senator from Alaska [Mr. GRUENING] also referred to the need for a one-shot program of emergency public works to help our own unemployed. His proposal "moves up the $2 billion originally intended to be authorized for a program of standby public works to the emergency program and says in effect that the emergency intended to be met by the standby phase of the legislation is upon us now." I concur in the opinion that this is true because of the unprecedented number of pockets of persistent and chronic unemployment and the prevalence of too many underdeveloped areas.

The proposition by our colleague from Alaska would have called for an inordinate impact on the budget at this time. We must give sufficient recognition to the fact that there are other programs and revenue act improvements which presumably will be at work to help stimulate the economy and attack the problems of chronic unemployment and underemployment.

On balance I consider the amendments offered for the majority members of the Public Works Committee to S. 2965 to be refinements and safeguards of the measure. They will remove major objections to the methods originally provided for financing the standby phase of the bill and will increase the authorization for the immediate action provisions.

I urge a more substantial increase in the immediate acceleration authorization if the budget could sustain a heavier impact. I do not favor 100 percent Federal grants. There should be some State or local sharing of the costs. But I am not convinced that States and localities intended to be assisted by this legislation possess a sufficient degree of fiscal competence to obligate large sums necessary to share substantially in the cost of approved projects.

In this connection, Mr. President, I commend my colleagues of the Public Works Committee for having recommended an amendment to the original version of S. 2965 which would insert a new section 8. It is my belief that subsections (b) and (c) of this proposed section go to the very heart of the problem this legislation is intended to help solve. It is also my judgment that without these two subsections the measure would be ineffective in the areas in need of the economic uplift, the capital improvements, and the new job opportunities which are the foundation purposes of the bill.

I strongly urge retention of the language of section 8 in any bill on this subject passed by this Congress, especially the following:

(b) * * * In prescribing such rules, regulations, and procedures, the President shall consider among other relevant factors: (1) the severity of the rates of unemployment in eligible areas and the duration of such unemployment, and (2) the income levels of families and the extent of underemployment in eligible areas.

(c) * * * In the case of those projects or programs which qualify under standards established by the President applying uniformly in all similar areas, if the President determines that an area suffering unusual economic distress (because of a sustained extremely severe rate of unemployment or an extremely low level of family income and severe underemployment) does not have economic and financial capacity to assume all of the additional financial obligations required, a grant otherwise authorized pursuant to sections 5 and 6 for a project or program in such area may be made without regard to any provision of law limiting the amount of such grant to a fixed portion of the cost of the project or program, but the recipient of the grant shall be required to bear such portion of such cost as it is able to and in any event at least 10 per centum thereof.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KERR. I yield 5 additional minutes to the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, in West Virginia, upward to 51 of our 55 counties qualify as redevelopment areas. The very fact that such a substantial number of our counties qualify is an indication of the economic debilitation suffered statewide, as well as in the affected counties or areas of counties. Perhaps there are few States in which the degree and extent of need for redevelopment are as prevalent as in West Virginia. I recognize, however, that there are areas in a number of States where the severity of problems is as acute as in our State. Such areas are discouraged from participation in any program established on a 50–50 matching basis—some even under a ratio with a higher percentage of Federal contribution—because of the low levels of their finances. They have been economically distressed too long and have been able to retain but little financial competency. They have not enjoyed the happy circumstance of participating in economic recovery from prior recessions. They are the areas of our country which need the stimulus of public works acceleration, and it must not be denied them.

I believe especially in the validity of subsection (c) of section 8) of the bill as reported by the Committee on Public Works. It provides for flexibility in project cost sharing based on the fiscal status of the sponsoring State or local body. Its status as a vital element of the legislation cannot be overemphasized.

Mr. President, and my colleagues, there is an understandable restlessness in our country concerning the persistence of a high rate of unemployment—and it is essential that there should be a very real concern about this condition.

Among the labor organizations especially there is the feeling that, unless there is a more rapid rate of economic growth and an accompanying increase of job opportunities, there should be an across-the-board shortening of the workweek.

Under the severe depression conditions which prevailed in the early 1930's, I supported a decrease in the number of hours of work as a means of spreading available job opportunities to a greater number of individuals. But I would deplore resort to the shorter workweek as an expedient at this time. Conditions do not warrant such a radical procedure as that of earning more for producing less. Progress and national growth will depend on earning more for producing more.

Nevertheless, if industry and commerce do not expand rapidly enough and if Government does not take those actions necessary to both stimulate the economy and help industrial expansion—in other words, if more job opportunities are not provided, and soon, such an event as the shortened workweek will be an inevitable and controversial consequence. Perhaps it would be one

which would induce considerable chaos in the economic life of the Nation. I hope such a situation can be avoided.

Advancement of automation at a pace which appears to have exceeded expectations obviously has been a contributing factor to the high percentage of joblessness.

Mr. President, I have listened to the spirited exchange between Senator KERR and Senator BUSH. I remind the Senator from Connecticut that the peak of each boom thus far reached since 1953 has found us with more unemployment than the peak of the immediate preceding boom, and the trough of each recession has found us with more joblessness among our citizens than the trough of the immediate previous recession.

But I am sufficiently optimistic to believe that science and technology will reach a plateau on which there will come about an adequate average annual growth rate which will bring productivity and job opportunities into a favorable balance. We cannot and we must not merely drift along hopefully awaiting such a development.

We have already too long delayed the fashioning and the implementation of a well-rounded program for economic stimulation and manpower utilization. A start has been made. We fitted into the structure of such a program an integral part when the Manpower Development and Training Act was passed and signed by the President. The same is true with respect to the Area Redevelopment Act.

Then, too, the administration's promised modernization of the depreciation rate structure as an important element in the computation of business taxes will be helpful. I am hopeful this Congress will pass a Revenue Act and a Trade Expansion Act which will improve the investment, industrial, and commercial outlook from the long-range standpoint. And perhaps there will be other actions—both legislative and administrative—which will help stimulate the rate of recovery and economic growth.

Meanwhile, however, ours is the obligation to advance other positive actions. Human necessities are involved. There is an urgent economic requirement to place in gainful employment more of our citizens who reside in areas of labor surplus markets and in underdeveloped areas. And it is in the public interest that there be an acceleration of public capital improvements.

The "immediate action" phase of S. 2965 is a sound and time-honored approach because the program of accelerating public works will provide work directly on projects and indirectly in industries and services associated with the projects. The standby provisions of the measure are safeguards for the future.

Mr. President, I solicit agreement on the amendments offered by the majority members of the Committee on Public Works and I urge passage of this vital legislation. By itself it will not be a panacea, but it will be more than a palliative because it will provide employment and lasting capital improvements. It will be an affirmative approach—another in the series of solutions which must be provided for our complex problems.

It is my hope, Mr. President, that the weakening amendment, and other negative approaches, will be defeated.

Mr. CASE of South Dakota. I yield myself 2 minutes on the bill to ask the distinguished Senator from Oklahoma a question. Is there anything in the bill which would prevent the President from spending at least 10 percent of the funds available in rural redevelopment areas?

Mr. KERR. No; there is not; nor is there anything in the bill which would require it to be done.

Mr. CASE of South Dakota. Does the Senator have any fear that if 10 percent were used it would be regarded as a directive or as an indication to the administration that when 10 percent had been used that that would take care of the rural redevelopment areas?

Mr. KERR. I do not so regard it. I am glad the Senator has asked the question, so the legislative record on the matter will be abundantly clear. The provision in the amendment is that not less than 10 percent of it be so spent. Certainly that could not be interpreted as being the maximum, but, rather, the minimum.

Mr. CASE of South Dakota. There is nothing in the bill to prevent the President from spending $100 million if that is what he thought was warranted by the circumstances?

Mr. KERR. That is correct.

Mr. CASE of South Dakota. I thank the Senator.

I yield 2 minutes to the Senator from Vermont.

Mr. PROUTY. I should like to have the indulgence of my distinguished friend the Senator from Oklahoma, to ask him a question or two. Is it possible that all of the money authorized under the bill and subsequently appropriated could be used under the provisions of section 6? In other words, could it be combined with section 6 if the President so desired?

Mr. KERR. I do not think it is possible either practically or technically. If the Senator will turn to page 13 of the bill, it is very clearly indicated there that the "funds provided for projects and programs pursuant to sections 4, 5, 6, and 7 of this act shall be made available," and so forth.

Other places in the bill provide that not less than 10 percent shall be spent in rural areas.

I am not sure that under section 6 that would be possible. I am prepared to say it would not be, but I do not think it would be. Certainly there is not the slightest apprehension on the part of the Senator from Oklahoma that there would be any effort to spend it all under section 6, or the possibility of that occurring. If he did, he would join the Senator from Vermont in specifying that such shall not be the case.

Mr. PROUTY. It is most important, because I believe there is nothing in the bill or in the language anywhere which would prevent that happening. I should like to point out that section 6 relates to projects and programs that are not eligible for grants under acts of Congress. In other words, these are completely unauthorized programs.

Mr. KERR. The bill will be open to amendment by the Senator from Vermont. If he feels that an amendment requiring proportional spending under sections 4, 5, 6, and 7 of the bill would be necessary, I will be glad to work with him on the formulation of an amendment to that effect, if he is seriously concerned about it.

Mr. PROUTY. I am very seriously concerned. I may have an amendment later to strike the whole section. However, I wish to reserve judgment on that for the time being.

Mr. KERR. I do not contemplate the possibility of the fear the Senator has indicated being justified. However, if he feels very seriously about it, I would be glad to discuss with him an amendment which would entirely relieve him of that fear.

Mr. PROUTY. I appreciate the Senator's statement and courtesy.

Mr. CASE of South Dakota. I am ready to have a vote on the pending amendment. I yield back the remainder of my time.

Mr. KERR. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. KERR] on behalf of himself and other Senators, beginning on line 23, page 10 of the bill.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Washington [Mr. MAGNUSON], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Alabama [Mr. SPARKMAN], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that the Senator from Colorado [Mr. CARROLL], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Washington [Mr. MAGNUSON], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Missouri [Mr. SYMINGTON], the Senator from Colorado [Mr. CARROLL], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from California [Mr. KUCHEL], and the Senator from Massachusetts [Mr. SALTONSTALL], are necessarily absent.

The Senator from Arizona [Mr. GOLDWATER] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from Arizona [Mr. GOLDWATER], the Senator from California [Mr. KUCHEL], and the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "nay."

The result was announced—yeas 43, nays 32, as follows:

[No. 69 Leg.]

YEAS—43

Anderson	Jackson	Morse
Bible	Johnston	Moss
Burdick	Jordan	Muskie
Byrd, W. Va.	Kefauver	Pastore
Cannon	Kerr	Pell
Clark	Lausche	Randolph
Dodd	Long, Hawaii	Russell
Douglas	Long, La.	Smathers
Engle	Mansfield	Smith, Mass.
Gore	McCarthy	Wiley
Hart	McClellan	Williams, N.J.
Hartke	McGee	Yarborough
Hayden	McNamara	Young, Ohio
Holland	Metcalf	
Humphrey	Monroney	

NAYS—32

Aiken	Dirksen	Pearson
Beall	Dworshak	Prouty
Bennett	Fong	Proxmire
Boggs	Hickenlooper	Robertson
Bush	Hruska	Scott
Byrd, Va.	Javits	Smith, Maine
Case, N.J.	Keating	Thurmond
Case, S. Dak.	Miller	Tower
Cooper	Morton	Williams, Del.
Cotton	Mundt	Young, N. Dak.
Curtis	Murphy	

NOT VOTING—25

Allott	Ellender	Magnuson
Bartlett	Ervin	Neuberger
Butler	Fulbright	Saltonstall
Capehart	Goldwater	Sparkman
Carlson	Gruening	Stennis
Carroll	Hickey	Symington
Chavez	Hill	Talmadge
Church	Kuchel	
Eastland	Long, Mo.	

So Mr. KERR's amendment was agreed to.

Mr. KERR. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. CLARK. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. KERR. Mr. President, I ask unanimous consent that the debate on the next amendment be limited to 5 minutes to a side. It is the other amendment on which the Senator from South Dakota requested a separate vote; it is the amendment which calls for the authorization to begin after June 30, 1963.

The PRESIDING OFFICER. Is there objection?

Mr. CASE of South Dakota. Mr. President, reserving the right to object, I merely wish to make clear that if we agree to this request, we can have another yea-and-nay vote in 10 minutes. In my opinion, the issue is perfectly clear; the proposal to be voted on next is an authorization for a second $750 million to be available for expenditure after June 30, 1963. So the coming vote will be on the question of whether we shall include in the bill another $750 million of authorization.

I have no objection to limiting debate in the way requested.

Mr. JAVITS. Mr. President, there seems to be some question as to whether the $2 billion of standby authority is still in the bill or has been taken out.

Mr. CASE of South Dakota. It has been taken out.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Oklahoma? The Chair hears none, and it is so ordered.

The next amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to insert the language of the Kerr amendment on page 3, beginning in line 14, and extending down to and including line 23.

Mr. CASE of South Dakota. Mr. President, on this amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CASE of South Dakota. Mr. President, I yield 5 minutes on the bill to the Senator from Virginia [Mr. ROBERTSON].

The PRESIDING OFFICER. The Senator from Virginia is recognized for 5 minutes on the bill.

Mr. ROBERTSON. Mr. President, I wish to call attention to the fact that we now have under construction civil work projects which will cost $9 billion to complete, and we have authorized additional projects—on which we have not started—which will cost $12,800 million more to complete. So we are voting funds which are going to be spent if those who favor deficit spending have their way.

Our economy is now at record levels in many respects. The gross national product in the first quarter of this year reached a seasonally adjusted annual rate of $548 billion, an alltime high. Personal income in April, at a seasonally adjusted annual rate of $439 billion, was also at a record high. Civilian employment was above the level a year earlier, and unemployment remained at the lowest level in over a year.

Even so, in the current fiscal year we are faced with a budget deficit conservatively estimated to be between $7 billion and $8 billion. In the foreign field, our balance of payments has continued to show further deficits, reflected in part by a continuing drain upon our gold supply. On May 22, the latest date available, our gold supply was $969 million lower than it was a year earlier. Potential claims against it have risen further.

If current trends continue, another substantial budget deficit may be in prospect in the next fiscal year. Already this year, the temporary ceiling on the public debt has been raised $2 billion more, to a limit of $300 billion. That is $22 billion higher than the ceiling in effect only 5 years ago. Yet the administration has urged enactment of an even higher debt ceiling of $308 billion in the next fiscal year.

These adverse trends in both our domestic and our international financial position can ill afford to be augmented by additional spending programs. Already the Government has built up hundreds of billions of dollars in authorizations and commitments to make future expenditures, if needed, in addition to outlays necessary to carry the $300 billion public debt. Our long-range Federal commitments for insurance and guarantees, for undisbursed commitments to make future loans, for accrued military pensions and commitments to veterans for future pensions and compensation, for such recurring obligations as Federal participation in employee retirement systems, and unused authorizations to expend from public debt receipts—all these items, if totaled together, far exceed the $300 billion liability on our public debt.

In order to continue to lead the free world, we must first set an example at home of fiscal responsibility. This means we must strive to contain our outlays within the limits of our resources. Only by building and maintaining a sound domestic economy can we show the way toward a sound international economy.

I hope very much, if we are to continue to lead the free world, financially and otherwise, we will not keep adding to our deficit.

I urge that the amendment be rejected.

Mr. CASE of South Dakota. I yield half a minute to the Senator from Iowa [Mr. MILLER].

The PRESIDING OFFICER (Mr. BURDICK in the chair). The Senator from Iowa.

Mr. MILLER. Mr. President, I thoroughly agree with what the junior Senator from Virginia has said. We would be legislating today an expenditure of three-quarters of a billion dollars, not to start before July 1, 1963. Why should we not wait until the next session of Congress, and take a look at the situation then, instead of tying the hands of Congress now, more than a year before these moneys can start to be spent?

Mr. KERR. Mr. President, I yield myself 2 minutes.

I call attention to the fact that this authorization is not triggered unless economic conditions worsen, unless unemployment becomes worse than it is now, unless it actually exceeds 5 percent. This authorization will not be triggered unless those things happen.

The Senator from Iowa has said the expenditure of the moneys will not start before July 1, 1963. That is correct. It will not start then unless economic conditions and unemployment are worse than they are now by an appreciable degree.

The Senator from Virginia said we should not pass this bill because stock-

holders have lost confidence and have sold their stocks. I wonder what they received for their stocks. It looks like they have lost confidence in their stocks and have offered them for dollars, in which they have more confidence.

The Senator from Virginia said that our gold reserve has been reduced. That is true. I went to the Senator three years ago and pointed out that fact to him. The Senator from Virginia said there was no difficulty. He made a speech on the floor in which he said there was no difficulty. Our situation with regard to diminishing gold stocks is identical with what it was then, except the rate of diminishment is lower now than it was at that time.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. KERR. I yield myself 1 more minute.

The distinguished Senator from Iowa has said we should not be doing this because we would tie the hands of Congress. It cannot be so, because even if we made the authorization, the expenditures would be triggered only if there were worsened economic conditions. The bill would be binding only if Congress appropriated the money. So passage of the bill would not tie the hands of Congress in any way, but would certify that, if economic conditions worsened, if poverty became more widespread, Congress had authorized the President to act immediately, and that Congress had made such an authorization now, while it was contemplating the program for 1963 and 1964.

Mr. CASE of South Dakota. Mr. President, I yield myself 2 minutes.

By the last vote, which was 43 to 32, the Senate has already passed an authorization in the bill to appropriate $750 million, to be immediately available and to remain available until expended.

The President, in his message for immediate authority, asked only for $600 million; $600 million was asked for in the original Chavez amendment. The Senate has approved $750 million to be appropriated for immediate availability and to remain available until expended.

Why should we now, with the knowledge that Congress wil be back here in January, provide another $750 million that will not be available until after June 30, 1963? Congress should take another look at the matter in January, and if a further authorization is made at that time, consider the matter then.

A "yea" vote adds $750 million to this bill. It doubles the size of the authorization. A "nay" vote reserves judgment whether or not the $750 million authorization will be needed until we know more about conditions and until we know how the first $750 million had been employed.

It seems to me, in good sense, the Senate should reserve for itself a decision until next January, both on the ground of what might be needed and the manner in which the $750 million might be used.

I urge a "nay" vote.

Mr. CLARK. Mr. President, will the Senator from Oklahoma yield me 1 minute?

Mr. KERR. I yield 1 minute to the Senator from Pennsylvania.

Mr. CLARK. I hope every Senator who voted on the last amendment will vote the same way on this amendment, if he voted "yea," and I hope Senators who voted "nay" will see the error of their ways and vote "yea" on this amendment.

The amendment is proposed so Congress can act when it is necessary to act. I have not been a Member of this body very long, but I have been here long enough to recall three occasions when Congress did not take action when it should have taken it, and when it finally did take action it was too little and too late.

The Senator from Oklahoma has pointed out that what is provided for is standby authority, and will not be triggered unless conditions necessitate it and Congress appropriates the funds. Let us get ourselves ready so that we can act when there is a need to act, by giving the President this authority now.

Mr. CASE of South Dakota. Mr. President, I yield one-half minute to the Senator from New Hampshire [Mr. COTTON].

Mr. COTTON. Mr. President, I wish to ask either the distinguished Senator from South Dakota or the distinguished Senator from Oklahoma a question. If the President does use the three-quarters of a billion dollars, if events transpire so he can used those funds, is his use to be confined to projects which have been authorized by Congress, or can he use the funds for unauthorized projects where desired?

Mr. CASE of South Dakota. The answer to that question is to be found in section 6, which is headed "Grants for Public Works Projects Not Eligible Under Existing Programs."

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CASE of South Dakota. I yield myself 1 minute.

The restriction is placed only on section 8. Under section 6 funds would be eligible for grants for public works not eligible under existing programs.

Mr. KERR. My answer is, in the first place, that the program cannot be implemented unless conditions worsen, as specified, and Congress appropriates the money.

With reference to projects not authorized, the Senator from Vermont is going to offer an amendment that not more than 30 percent of the authorizations and appropriations under the bill shall be available for section 6, which relates to projects not authorized. The Senator from Oklahoma has agreed to join in that amendment. That will be a later amendment before the Senate.

Mr. CASE of South Dakota. Mr. President, I am willing to yield back my time.

Mr. KERR. I yield back my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

Mr. CASE of South Dakota. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CASE of South Dakota. A "yea" vote would be a vote to insert in the bill an amendment adding an additional $750 million. A "nay" vote would be against the insertion of the authorization for a second $750 million. Is that correct?

The PRESIDING OFFICER. A "yea" vote would be to insert the section on page 3.

Mr. CASE of South Dakota. Which carries another $750 million.

The PRESIDING OFFICER. That is correct.

The question is on agreeing to the amendment of the Senator from Oklahoma on page 3, lines 14 through 23.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CANNON (when his name was called). Mr. President, on this vote I have a pair with the distinguished Senator from Missouri [Mr. LONG]. If he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I withhold my vote.

Mr. McCLELLAN (when his name was called). On this vote I have a pair with the distinguished senior Senator from Washington [Mr. MAGNUSON]. If he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I withhold my vote.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Washington [Mr. MAGNUSON], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Alabama [Mr. SPARKMAN], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that the Senator from Colorado [Mr. CARROLL], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Missouri [Mr. SYMINGTON], the Senator from Colorado [Mr. CARROLL], and the Senator from Alaska [Mr. GRUENING] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from California [Mr. KUCHEL], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Arizona [Mr. GOLDWATER] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from Arizona [Mr. GOLDWATER], the Senator from California [Mr. KUCHEL], and the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "nay."

The result was announced—yeas 37, nays 36, as follows:

[No. 70 Leg.]

YEAS—37

Anderson	Jackson	Morse
Bible	Johnston	Moss
Burdick	Jordan	Muskie
Byrd, W. Va.	Kefauver	Pastore
Clark	Kerr	Pell
Dodd	Long, Hawaii	Randolph
Douglas	Long, La.	Russell
Engle	Mansfield	Smathers
Gore	McCarthy	Smith, Mass.
Hart	McGee	Williams, N.J.
Hartke	McNamara	Young, Ohio
Hayden	Metcalf	
Humphrey	Monroney	

NAYS—36

Aiken	Dworshak	Pearson
Beall	Fong	Prouty
Bennett	Hickenlooper	Proxmire
Boggs	Holland	Robertson
Bush	Hruska	Scott
Byrd, Va.	Javits	Smith, Maine
Case, N.J.	Keating	Thurmond
Case, S. Dak.	Lausche	Tower
Cooper	Miller	Wiley
Cotton	Morton	Williams, Del.
Curtis	Mundt	Yarborough
Dirksen	Murphy	Young, N. Dak.

NOT VOTING—27

Allott	Eastland	Long, Mo.
Bartlett	Ellender	Magnuson
Butler	Ervin	McClellan
Cannon	Fulbright	Neuberger
Capehart	Goldwater	Saltonstall
Carlson	Gruening	Sparkman
Carroll	Hickey	Stennis
Chavez	Hill	Symington
Church	Kuchel	Talmadge

So Mr. KERR's amendment was agreed to.

Mr. KERR. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. CLARK. Mr. President, I move to lay that motion on the table.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion of the Senator from Pennsylvania to table the motion to reconsider. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CANNON (when his name was called). On this vote I have a pair with the senior Senator from Missouri [Mr. SYMINGTON]. If he were present and voting he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. McCLELLAN (when his name was called). I have a pair on this vote with the senior Senator from Washington [Mr. MAGNUSON]. If he were present and voting, he would vote "yea." If I were at liberty to vote I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Washington [Mr. MAGNUSON], the Senator from Alabama [Mr. SPARKMAN], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], the Senator from Georgia [Mr. TALMADGE], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that the Senator from Colorado [Mr. CARROLL], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Colorado [Mr. CARROLL], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from California [Mr. KUCHEL], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Arizona [Mr. GOLDWATER] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from Arizona [Mr. GOLDWATER], the Senator from California [Mr. KUCHEL], and the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "nay."

The result was announced—yeas 38, nays 35, as follows:

[No. 71 Leg.]

YEAS—38

Anderson	Jackson	Morse
Bible	Johnston	Moss
Burdick	Jordan	Muskie
Byrd, W. Va.	Kefauver	Neuberger
Clark	Kerr	Pastore
Dodd	Long, Hawaii	Pell
Douglas	Long, La.	Randolph
Engle	Mansfield	Russell
Gore	McCarthy	Smathers
Hart	McGee	Smith, Mass.
Hartke	McNamara	Williams, N.J.
Hayden	Metcalf	Young, Ohio
Humphrey	Monroney	

NAYS—35

Aiken	Dworshak	Pearson
Beall	Fong	Prouty
Bennett	Hickenlooper	Proxmire
Boggs	Holland	Robertson
Bush	Hruska	Scott
Byrd, Va.	Javits	Smith, Maine
Case, N.J.	Keating	Thurmond
Case, S. Dak.	Lausche	Tower
Cooper	Miller	Wiley
Cotton	Morton	Williams, Del.
Curtis	Mundt	Young, N. Dak.
Dirksen	Murphy	

NOT VOTING—27

Allott	Carlson	Ellender
Bartlett	Carroll	Ervin
Butler	Chavez	Fulbright
Cannon	Church	Goldwater
Capehart	Eastland	Gruening
Hickey	Magnuson	Stennis
Hill	McClellan	Symington
Kuchel	Saltonstall	Talmadge
Long, Mo.	Sparkman	Yarborough

So the motion to table the motion to reconsider was agreed to.

Mr. CASE of South Dakota. Mr. President, I offer my amendment in the nature of a substitute.

The PRESIDING OFFICER. Under the agreement, the Senate will now consider the amendment of the Senator from Iowa [Mr. MILLER].

Mr. KERR. Mr. President, I ask unanimous consent that the debate on the Miller amendment be limited to 5 minutes to a side.

Mr. MILLER. Mr. President, with that understanding, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Iowa will be stated.

The LEGISLATIVE CLERK. On page 1, line 6, of the Kerr amendment it is proposed to strike out "5" and insert in lieu thereof "6."

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Oklahoma?

Mr. MILLER. Mr. President, reserving the right to object, I ask for the yeas and nays on my amendment.

The yeas and nays were not ordered.

Mr. MILLER. Mr. President, if the yeas and nays are not ordered on my amendment, I shall have to object to the unanimous-consent request of the Senator from Oklahoma.

Mr. KERR. Mr. President, I ask unanimous consent that on the Miller amendment the debate be limited to 10 minutes on each side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma?

Mr. MILLER. Mr. President, I still must ask for the yeas and nays on my amendment; otherwise, I shall have to object. I ask for the yeas and nays.

Mr. KERR. Mr. President, if the yeas and nays are ordered, will the Senator from Iowa agree to a limitation of debate of 5 minutes on a side?

Mr. MILLER. I will agree to 5 minutes on a side.

Mr. President, I again ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Oklahoma? The Chair hears none, and it is so ordered.

How much time does the Senator from Iowa yield himself?

Mr. MILLER. I yield myself 3 minutes. I should like to have the attention of the Senator from Oklahoma.

On line 6, page 1, of the Kerr amendment, where reference is made to the total number of unemployed, is it the intention of the author of the amendment to have that mean the number of unemployed adjusted for seasonal variations?

Mr. KERR. The amendment specifically so provides.

Mr. MILLER. I thank the Senator from Oklahoma.

My amendment merely provides that there must be at least a 6-percent, rather than a 5-percent, unemployment rate at the time of the triggering of the $750 million of additional expenditure which the Senate has just voted might go into effect beginning July 1, 1963.

With all deference to the Senator from Oklahoma, I must point out that the second $750 million authorization could go into effect not when conditions are worse than they are now, but when conditions are better than they are now, because the latest figure on unemployment shows that there is today an unemployment rate of 5½ percent. This figure is based upon Economic Indicators, published by the Joint Economic Committee on May 1, 1962.

A situation could arise in which unemployment would fall to 4 percent, which is the interim target of the White House. Then if unemployment rises 1 percent, to 5 percent, which is one-half of 1 percent less than it is now, another $750 million of public works could be triggered and would be beyond the recall of Congress. It seems to me to be most unwise, since we are legislating more than 1 year before this program can possibly become effective, for Congress to establish a standard like that. I believe that a standard of 6 percent before the program could be triggered is fair and reasonable. That is why I have asked for yea-and-nay vote on my amendment.

Mr. KERR. Mr. President, I yield myself 2 minutes. I call attention to the fact that the rate of unemployment not only must be at least 5 percent, but that it must have increased 1 percent within the last 9 months. So the authorization would not be triggered merely because unemployment was at the 5-percent level. It would be triggered only in the event that unemployment had been reduced to 4 percent, and then was again on the increase and had gone up within 9 months to 5 percent. So the purpose of the standby authorization would be to halt unemployment at the 5-percent level, rather than to permit it again to go above that figure.

The Senator from Iowa offers to substitute 6 percent for 5 percent. That might seem to be a reasonable amendment, unless it is reduced to terms of human beings. The difference between 5 percent and 6 percent is almost 700,000 unemployed persons. So the Senator is willing to trigger the program in the event there are 6 percent of 66 million, let us say, but is not willing to trigger it if the number of unemployed has gone up from 4 percent to 5 percent.

I do not believe that that kind of price or penalty should be put upon that additional number of persons in order to trigger the modest authorization of $750 million, which the Senate has just approved.

Mr. President, I yield back the remainder of my time.

Mr. MILLER. Mr. President, I yield back the rest of my time.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state it.

Mr. KERR. Do I correctly understand that a vote "yea" will be a vote in favor of the amendment offered by the Senator from Iowa?

The PRESIDING OFFICER. The Senator from Oklahoma is correct. The question is on agreeing to the amendment of the Senator from Iowa. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Lousiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator Washington [Mr. MAGNUSON], the Senator from Alabama [Mr. SPARKMAN], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that the Senator from Colorado [Mr. CARROLL], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Washington [Mr. MAGNUSON], the Senator from Missouri [Mr. SYMINGTON], the Senator from Colorado [Mr. CARROLL], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from California [Mr. KUCHEL], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

If present and voting, the Senator from Kansas [Mr. CARLSON] and the Senator from California [Mr. KUCHEL] would each vote "nay."

The result was announced—yeas 21, nays 56, as follows:

[No. 72 Leg.]

YEAS—21

Beall	Dworshak	Mundt
Bennett	Goldwater	Robertson
Bush	Hickenlooper	Russell
Byrd, Va.	Hruska	Thurmond
Case, S. Dak.	Lausche	Tower
Curtis	McClellan	Wiley
Dirksen	Miller	Williams, Del.

NAYS—56

Aiken	Engle	Kefauver
Anderson	Fong	Kerr
Bible	Gore	Long, Hawaii
Boggs	Hart	Long, La.
Burdick	Hartke	Mansfield
Byrd, W. Va.	Hayden	McCarthy
Cannon	Holland	McGee
Case, N.J.	Humphrey	McNamara
Clark	Jackson	Metcalf
Cooper	Javits	Monroney
Cotton	Johnston	Morse
Dodd	Jordan	Morton
Douglas	Keating	Moss
Murphy	Prouty	Smith, Maine
Muskie	Proxmire	Williams, N.J.
Neuberger	Randolph	Yarborough
Pastore	Scott	Young, N. Dak.
Pearson	Smathers	Young, Ohio
Pell	Smith, Mass.	

NOT VOTING—23

Allott	Eastland	Long, Mo.
Bartlett	Ellender	Magnuson
Butler	Ervin	Saltonstall
Capehart	Fulbright	Sparkman
Carlson	Gruening	Stennis
Carroll	Hickey	Symington
Chavez	Hill	Talmadge
Church	Kuchel	

So the amendment to the amendment was rejected.

Mr. KERR. Mr. President, I move that the vote by which the amendment to the amendment was rejected be reconsidered.

Mr. RANDOLPH. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the part of the so-called Kerr amendment on page 1, lines 3 through 8 proposed to be inserted in the bill on page 4, following line 20.

The amendment was agreed to.

Mr. CASE of South Dakota. Mr. President, I have an amendment in the nature of a substitute which I desire to call up at this time. It is printed and is at the desk.

I point out, however, that on page 5, I have adopted two suggestions which have been made by others. The Senator from Missouri [Mr. LONG] wanted to include, in addition, prisons, training schools, and youth correctional facilities, in the classification of public buildings which might benefit.

It has also been suggested that, so far as hospitals and health facilities are concerned, they be public or nonprofit.

I have incorporated both of those suggestions in the copy of the amendment which I have sent to the desk. Otherwise, the amendment is as printed.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

The amendment in the nature of a substitute, proposed by Mr. CASE of South Dakota (for himself, Mr. COOPER, Mr. PROUTY, Mr. FONG, and Mr. BOGGS) was:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That this Act may be cited as the 'Emergency Employment Public Works Act of 1962'.

"FINDINGS AND PURPOSE

"SEC. 2. The Congress finds that substantial unemployment and underemployment for prolonged periods of time adversely affect the revenues of the Government and the general welfare. The purpose of this Act is to stimulate the economy at such times and in such areas by providing for the acceleration of authorized Federal programs and the authorization of participation in certain small public works projects.

"DECLARATION OF AREAS OF SEVERE ECONOMIC DISTRESS

"SEC. 3. When the President finds that substantial unemployment in any county of the Nation (including the Commonwealth of Puerto Rico and the possessions) is causing unusual and severe economic distress, he

may designate the county as an emergency unemployment area for the purpose of this Act. Upon such designation the authority granted in sections 4 and 5 of this Act may be exercised within such county to carry out the purpose of this Act until the President by declaration or Congress by concurrent resolution removes such designation from such county or two years expire, whichever soonest occurs.

"ACCELERATION OF CONSTRUCTION BY FEDERAL DEPARTMENTS AND AGENCIES

"SEC. 4 (a) The head of any department or independent agency of the Government which receives any appropriations for the fiscal year beginning July 1, 1962, or July 1, 1963, for the construction (including reconstruction and additions) by such department or agency of—

"(1) any works of a public nature for improvement of rivers and harbors and other waterways, for navigation, flood, control, irrigation, reclamation, development of hydroelectric power, or improvement of watersheds, or

"(2) any public buildings, including post offices, or roads or trails in, or to provide access to, national parks, national forests, Federal reservations, Indian reservations, or public recreation areas, or on the public domain,

may obligate an amount equal to 10 per centum of the total such appropriations to such department or agency for each such year for the construction (including reconstruction and additions) in areas designated by the President under section 3 of this Act of any such works, buildings, roads, or trails which is authorized by law and which will promote the purpose of this Act. Amounts authorized to be obligated under the provisions of this section shall remain available for obligation without fiscal year limitation and shall be in addition to fiscal year appropriations to such department or agency.

"(b) Not more than 20 per centum of the total cost of any construction project may be paid for under the authorization in this section.

"ASSISTANCE TO CERTAIN SMALL PUBLIC WORKS PROJECTS

"SEC. 5. (a) The head of any department or independent agency of the Government which is authorized by law to make grants or loans to assist in financing any small public works project (as defined in subsection (d) of this section) may make such grants or loans, to the extent of funds appropriated to such department or agency under subsection (c), for the initiation or acceleration of any such small public works project which will promote the purpose of this Act in areas designated by the President under section 3 of this Act. Grants and loans made under the authority of this section shall be in accordance with the terms and conditions of other laws with respect to such grants or loans, except that (1) any requirements in other laws with respect to the apportionment of funds, the time in which grants or loans may be made, or the aggregate dollar amounts of any grant or loan for any particular project or part thereof, shall not apply, and (2) if it is determined in accordance with regulations to be established by the President that the area does not have the economic and financial capacity to assume all of the additional financial obligations required, the provisions in other laws limiting the amount of such grant to a portion of the cost of the project shall not apply but the recipient of the grant shall be required to bear such portion of such cost as it is able to and at least 10 per centum thereof.

"(b) Not more than $500,000 may be obligated for grants and loans under the provisions of this section for each small public works project.

"(c) There is authorized to be appropriated to carry out the provisions of this section $250,000,000 for grants and $250,000,000 for loans.

"(d) For the purpose of this section the term 'small public works project' means the construction, repair, or improvement of public roads on the Federal-aid secondary system (including extensions into urban areas), public streets, sidewalks incident to street or highway construction, roadside areas, parkways, access roads to recreational areas, bridges, and airports; public parks, public school and other public recreational facilities; public or nonprofit hospitals, public rehabilitation and health centers, and other public or nonprofit health facilities; public refuse, garbage, water, sewage, and sanitary facilities; civil defense facilities; public police and fire protection facilities; public educational facilities, prisons training schools, youth correctional facilities, laboratories, and other public buildings; and public land, water, timber, fish and wildlife, and other conservation facilities and measures, including small watershed projects.

"REGULATIONS

"SEC. 6. Within the provisions hereof the President is authorized to establish such regulations as may be necessary to carry out the purpose of this Act.

"APPROPRIATIONS AUTHORIZED TO LIQUIDATE OBLIGATIONS

"SEC. 7. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

"Amend the title so as to read: 'A bill to provide authority to accelerate public works programs of the Federal Government and to authorize participation in certain small public works projects in distress areas'."

Mr. KERR. Mr. President, I ask unanimous consent that the time on the substitute be limited to 10 minutes on the side.

The PRESIDING OFFICER. Is there objection?

Mr. THURMOND. Mr. President, I object unless I can get 3½ minutes on the amendment.

Mr. KERR. I will give the Senator 3½ minutes on the bill.

The PRESIDING OFFICER. Is there objection?

Mr. LAUSCHE. Mr. President, reserving the right to object, I would like some time.

Mr. KERR. How much time does the Senator wish to have?

Mr. LAUSCHE. Not more than 5 minutes.

Mr. KERR. I will give the Senator that much time on the bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CASE of South Dakota. Mr. President, I yield myself 5 minutes.

I ask for the yeas and nays on the substitute.

The yeas and nays were ordered.

The PRESIDING OFFICER. A limitation of 10 minutes on the side is in effect.

Mr. CASE of South Dakota. Mr. President, I think, in order for Members of the Senate to understand what the real issue is here, I should make this statement. The bill as reported by the committee, and as it has been perfected now, concentrates more power in the hands of the President. It makes the President the authority to direct the acceleration of authorized programs; the authority to direct agencies to accelerate programs or to initiate new programs; and gives to the President the power to delegate the authority to subordinates, and they in turn to delegate to others.

The approach of the substitute is from an entirely different standpoint. The approach of the substitute is to leave with the President the responsibility for making a declaration of an emergency distressed area, the same as he may designate a distressed area today, but it confines to the agencies of Government feasibility standards or guidelines the authority of prosecution of those projects.

In support of the substitute, let me point out that there are two principal features in it. One section, section 4, would authorize the acceleration of construction by Federal departments and agencies, and I read quickly:

SEC. 4. (a) The head of any department or independent agency of the Government which receives any appropriations for the fiscal year beginning July 1, 1962, or July 1, 1963, for the construction (including reconstruction and additions) by such department or agency of—

(1) any works of a public nature for improvement of rivers and harbors and other waterways, for navigation, flood control, irrigation, reclamation, development of hydroelectric power, or improvement of watersheds, or

(2) any public buildings, including post offices, or roads or trails in, or to provide access to, national parks, national forests, Federal reservations, Indian reservations, or public recreation areas, or on the public domain,

may obligate an amount equal to 10 per centum of the total such appropriations to such department or agency for each such year for the construction—

And so forth. At this time I ask unanimous consent to place in the RECORD a table of the estimated construction expenditures authorized, which total about $1½ billion.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Estimated construction expenditures for fiscal year 1963

[In millions of dollars]

Corps of Engineers	813
Bureau of Reclamation	259
Public buildings	215
Bonneville Power Administration (transmission lines)	24
Southwest Power Administration (transmission lines)	3
Soil Conservation Service (watershed, etc.)	63
Forest highways	34
Public lands highways	4
Parkways, roads and trails:	
National Park Service	44
Bureau of Indian Affairs	19
Forest Service (includes permanent and direct funding as well as contract authority)	47
Bureau of Land Management	8
Total	1,533
Public Health Service (waste treatment	55
Secondary and urban highways	495

The sum of $1,533 million divided by 10 percent equal $153 million for section 4 projects.

Mr. CASE of South Dakota. Theoretically, that is contract authority of

$153 million to agencies to accelerate or augment the appropriations, but I call attention to the fact that it would not increase the financial obligation of the Government. Once a project is started, the Goverment is committed to the cost of its completion. The augmentation would be advanced in the first year until it employed 10 percent of the work of the project which might be undertaken.

This approach is consistent with the philosophy which has been expressed so often that public works should be a shelf or reserve for increasing employment in time of need or time of unemployment. This section seeks to implement that theory, which has been expressed so many times here. It is recognized there are some areas in which projects may not be authorized, but in which there may be a high rate of unemployment.

In section 5 we would authorize the head of a department or agency which already has authority to work in these fields to initiate certain small public works projects with a cost not to exceed $500,000 on each one. That might be done either by loans or grants. We would authorize the appropriation of up to $250 million for loans and $250 million for grants; but, in the case of grants, in addition to loan money, the local recipient would be obligated to pay, and I call attention to line 20 on page 4:

> The recipient of the grant shall be required to bear such portion of such cost as it is able to and at least 10 per centum thereof.

In other words, we try to provide a sensible policeman on the job for the institution of any of these small public works projects, limited in their overall cost to $500,000, and requiring a contribution or participation by the local unit.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. LAUSCHE. What would be the aggregate cost of the bill as proposed?

Mr. CASE of South Dakota. The aggregate cost of the bill in terms of moneys which might not be returned would be $250 million, because it would authorize an amount up to $250 million. The bill would authorize an expenditure or contractual authority of up to $150 million in projects for which we are committed anyway and for which the Government would pay the full cost, anyway, over a 2-year period, in each of the 2 years.

We would also authorize $250 million for loans, but that amount would be repayable. So the net increase in cost to the Treasury for funds to agencies which would handle small public works, over what the Government would be obligated to pay, would be $250 million.

Mr. LAUSCHE. There would be $150 million more than for projects committed?

Mr. CASE of South Dakota. For which there are commitments. It would not all be used, because this acceleration or augmentation could take place only in the distressed counties. The President would designate distressed areas by county, the same as he does in disaster areas. The President generally makes a designation by county. This is done in order that this provision might be flexible and usable in areas of real need, whether rural or urban.

I call attention to the language on page 5, paragraph (d), which deals with the $250 million in loans and grants:

> For the purpose of this section the term "small public works project" means the construction, repair, or improvement of public roads on the Federal-aid secondary system (including extensions into urban areas)—

We deliberately put in those words so it would not be limited to building secondary roads in the rural areas, but would extend to urban areas and street improvements in the cities—

> public streets, sidewalks incident to street or highway construction, roadside areas, parkways, access roads to recreational areas, bridges, and airports * * *

Many of these things can be handled under the present law, under the Public Roads Acts:

> Public parks, public school and other public recreational facilities; public hospitals, public rehabilitation and health centers, and other public health facilities; public refuse, garbage, water, sewage, and sanitary facilities.

Those are activities which already can be attended to through Community Facilities. This applies also to:

> Civil defense facilities; public police and fire protection facilities; public educational facilities, laboratories, and other public buildings; and public land, water, timber, fish and wildlife, and other conservation facilities and measures, including small watershed projects.

In other words, from the $250 million a grant could be made, which would be administered by the Department of Agriculture, for a small watershed project. A grant could be made for a sewage disposal project, which Community Facilities, HEW, would handle. A grant could be made, through the Bureau of Public Roads, for extension of a secondary street through a city.

All of these things would be operated under the normal requirements applying to the present Federal agencies. There would be a ceiling of $500,000 on each of these projects.

It would be, literally, an attempt to provide jobs at places where they are needed, under the restrictions of the bill. The overall cost, of course, would be much less than under the amended committee bill.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield myself 1 additional minutes.

The PRESIDING OFFICER. The Senator's time has completely expired.

Mr. CASE of South Dakota. Then 10 minutes?

The PRESIDING OFFICER. Yes.

Mr. CASE of South Dakota. I yield myself 5 minutes from the time on the bill.

I yield to the Senator from Ohio.

Mr. LAUSCHE. Does the Senator's proposal envision a 2-year operation or a 1-year operation?

Mr. CASE of South Dakota. It envisions a 2-year operation, so far as the augmentation is concerned. So far as the $250 million in grants or loans are concerned, that is a ceiling in dollars and could not extend beyond whatever time was used.

Mr. LAUSCHE. The $250 million for grants would be for a 2-year period?

Mr. CASE of South Dakota. If there were any occasion for making $750 million in grants in 1 year, I assume that the $250 million would not last beyond the 1 year.

The augmentation, the 10 percent, would be for each of the 2 fiscal years, but it would not increase the cost to the Government, because there would be no authorization to expand the projects. The augmentation would be for the authorized project to which the Government is already committed in any event.

Mr. President, from the time on the bill I yield 3 minutes to my distinguished colleague from South Dakota.

STOCK MARKET SLUMP

Mr. MUNDT. I thank my colleague.

Mr. President, I rise to bring to the attention of the Senate some very disturbing news which is filling the ticker tapes in the cloakroom at this moment.

I read the latest statement from the Associated Press:

> NEW YORK.—The stock market slumped sharply today in the heaviest burst of selling in more than 30 years.
>
> The ticker tape lagged more than an hour behind actual transactions, the greatest lag since the high-speed wire was installed in 1930.
>
> Blue chip stocks were among those taking a bad beating in today's slide, a continuation of a steady decline that lasted all last week.
>
> Brokers talked of fear feeding on itself as investors rushed to sell to retrieve what was left of old gains or to reduce losses.
>
> Volume for the day was expected to run to 8 million shares, more than the 7.72 million that changed hands during the fall that followed former President Eisenhower's heart attack, September 26, 1955.
>
> The 69-minute ticker lag could not be compared with the many hours' lag of the 1929 crash because the earlier ticker machines were not geared to go as fast.
>
> At 2 p.m., the Dow-Jones average of 30 industrials was down 13.82 at 598.06, penetrating the 600 level which some Wall Streeters had hoped would provide a psychological barrier to further declines.
>
> Standard & Poor's Investment Advisory Service said of the weakening market:
>
> "An emotional upset, such as being experienced, often feeds on itself. More and more holders become panicky and sell to protect vanishing profits or to prevent losses from mounting. The movement gains momentum and almost invariably is carried to an extreme."
>
> Brokers were hesitant to guess when the slide might level off.
>
> American Telephone & Telegraph, the Nation's most widely held stock and a long favorite of conservative buyers, was down $10.12 to $101.50 late in the day. This was attributed in part to talk that the Federal Power Commission might crack down on utilities.

Mr. President, I point out that while the sharp selloff in the stock market cannot be attributed to the U.S. Senate, it can be said that the U.S. Senate has within its power the capacity to do something which would tend to put a stop to it.

On Friday, after the Senate approved the farm bill, I said if we finally give full congressional approval to this legislation it will be a further indication in the farm bill that America is moving into a controlled economy and that the discussion on the floor on Friday as to stock market losses would have to be repeated again at the beginning of this week. So it has been.

Mr. President, not only would the pending proposed legislation pass into the hands of the Executive unprecedented power, as would the legislation we considered on Friday—which would give control over the farm economy, historically the genesis of a speedup in our economic conditions, because our gross national income is equal to seven times the raw material income of the country year after year—but also similar suggestions are seriously being considered by the committees of the Congress. It has also been suggested that Congress give to the President unprecedented controls over taxes, over tariffs, over appropriations, over the Federal Reserve Board, and over some 20 other functions and activities of the Government in its relationship to our economy.

I submit, Mr. President, that we cannot consistently and persistently attack our free economic system and expect it to thrive or to move forward without fear or without suspicion.

By voting "no" on some of these requests for unprecedented power, we can help to develop that assurance and reassurance in our American system on the part of investors which will dissuade them from selling off their economic holdings at a time when basically and fundamentally the economy of this country is sound. All it requires is the opportunity to move onward without political threats, intimidations, recriminations, or the attempted imposition of some form of imported control system.

It has been proposed that we reduce the power of the chairman of the Senate Committee on Finance by detouring that Committee on Tax and Tariff Measures. One of the greatest authorities in this country—probably our best and greatest on Federal fiscal affairs—in my opinion—is the senior Senator from Virginia [Mr. BYRD]. It has been proposed to take away certain controls over our taxes and over our tariffs, which is entirely unprecedented. It has been proposed to take from the Senator from Virginia [Mr. BYRD], our best fiscal genius on Federal financing in this country, some of the determinations of what should be done in these delicate and significant areas of Federal financing.

That would be something like someone taking his wife to a diagnostic center, such as Mayo's in Rochester or Johns Hopkins, and saying, "My wife is ill with some poorly defined and indeterminate disease. I should like to have my wife admitted to your clinic. I should like to have my wife examined by all of your diagnosticians, except the best one you have. Do not let the best one you have examine my wife."

That is what is being said to the U.S. Senate by some of these recommendations from the White House, "Let everybody examine them and have something to say about them except the best genius we have, the chairman of the Committee on Finance, and other Members of the U.S. Senate and House of Representatives."

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. MUNDT. May I have one more minute?

Mr. CASE of South Dakota. I yield 1 additional minute to my colleague.

Mr. MUNDT. I rise to express sorrow about what has happened. I predict that we shall continue to observe a slump in the stock market unless the U.S. Senate some place along the line stands up and votes for a system, for an ideology, for private enterprise, for a balanced budget, and for sound taxation. If we continue to shift down to the other end of the avenue our responsibility and our authority, to ignore the dictates of our own judgment, and to tie our own hands, we are asking for a continuation of the kind of disturbing financial news which the tickertapes in the cloakroom are carrying out with such a melancholy impact this afternoon.

I submit that soon—and perhaps with respect to the pending bill—Members of the Senate must stand firm for a policy of private enterprise and a division of political power which has served this country well for nearly two centuries. We must send the word to the folks at home and send the word to those around the globe that the United States did not get to be the greatest country in the world by doing everything all wrong; that there is something worth preserving in the system which has served us so well in the past. We need more economy and less exciting and upsetting experimentation in Government these days if we desire to restore the confidence required to restore prosperity in our country in these trying times.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAM

The Senate resumed the consideration of the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

Mr. LAUSCHE. Mr. President, may I have some time from the time on the bill?

Mr. KERR. I believe the Senator from Ohio asked for some time to ask questions, and that time was granted. How much more time would the Senator like to have?

Mr. LAUSCHE. I should like to have 5 more minutes.

Mr. KERR. Mr. President, I yield the Senator 5 minutes from the 10 minutes we have on the amendment.

Mr. LAUSCHE. Mr. President, I contemplate voting for the Case of South Dakota amendment.

I voted first to increase the amount from $600 million to $750 million. Then there was added a second chapter to the bill, and that is the standby authority.

I wish to point out two significant things to which I believe we should give attention. First, within 2 months we shall be asked to lift the debt ceiling to $308 billion.

Second, we shall be asked to pass a bill that would provide a contribution by the United States of $2 billion to a $6 billion pool in the International Monetary Fund.

When the proposal was made to establish the $6 billion pool, the discussions were that it should be established so that there will be a gold and hard currency fund to be drawn upon by the United States and the United Kingdom. When the International Monetary Fund was created more than a decade ago, it was never contemplated that the pool of gold and hard currency would be drawn upon by the United States. The pool was created for other nations in the world.

Now in the year 1962 we must create a $6 billion pool so that when we get into distress, we can run to the Fund. That eventuality was never envisioned when the World Bank was created. Never was it thought that our currency might get into trouble. I have no doubt in my mind that the wave of selling on the stock market is partly actuated by the fact that the Fund of which I have spoken is in contemplation.

I have been on the floor of the Senate for 5 years. I have tried to build up a "fat" that could be drawn upon when unemployment became acute. I wanted to pay off the debt so that there would be available something in the body to sustain it when general nourishment was no longer available. But in the period of our greatest prosperity, spending went on and on. I ask Senators what we will do when the going gets really tough? What are we going to do then? Where will be the so-called fat? Where will be the reserve?

I want to provide help now. But our job requires looking into the future. We cannot deal with those things on an ad hoc basis today without giving the long-range look.

I suggest that we not proceed in haste now. We should try to keep available something to draw upon when the need really is great. Election time is here, certainly. I am running for election. I would like to go back to Ohio and say that I voted to give the money. But I frankly say that if I did vote for the measure now, I would be betraying my honest judgment, and that I refuse to do.

We shall come and go. In the long range of things we are meaningless. The life of our country is our responsibility, and we can proceed to ruin it by inordinate spending at the improper time.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KERR. Mr. President, I yield myself 3 minutes. I regret that some of my distinguished colleagues are as pessimistic as they are about the future of our country, about its financial stability, about its ability to meet its obligations and the needs of its people. I go back home also. I believe in the long look.

The future of this country depends upon the improved economic position of the average citizen of this country. It depends upon the opportunity for work of the average worker in this country. It depends upon the opportunity for redevelopment of some of the areas heavily stricken by economic recession.

Where is the Senator who feels that this Nation, with its increasing annual production, personal income, productive capacity, and production per unit of man-hour labor is unable to move into a situation in which up to 40 percent of the people in some communities are unemployed? What Senator would say that the Federal Government cannot stand an authorization of an expenditure of $750 million a year for 1 year, and if the situation deteriorates and unemployment increases by from 4 percent to 5 percent, we cannot do it the second year?

I am astounded that men would talk about the International Monetary Fund as being determinative of what we should do for the employment, or the opportunity for employment of men and women. The action of the stock market has been alluded to. I am not sure but what the stock market reaction is a result of the unemployment in this country as well as other factors envisioned by the distinguished Senator from South Dakota.

I hope that rather than to approach the problem from the standpoint of a $250 million grant, with a limitation of an additional $150 million of accelerated expenditure per year for 2 years, that we would take the broad scale view and say that we will move with precision. We will move with vigor. We will not cripple ourselves. We will not tell the people of America, "Here is a program that will increase employment. It will increase the opportunity to eliminate poverty." Some will say, "No, we will not take the broad view. We will take the program on the basis of $250 million, with the gross annual production at the rate we have."

Mr. President, I hope that the substitute will not be agreed to.

Mr. THURMOND. Mr. President, will the Senator yield?

Mr. KERR. I yield 3 minutes to the Senator from South Carolina on the bill.

Mr. THURMOND. Mr. President, I request 3½ minutes.

Mr. KERR. I yield 3½ minutes to the Senator from South Carolina.

Mr. THURMOND. I thank the distinguished Senator from Oklahoma.

The Constitution gives the power of the purse to Congress. Nowhere in that document is Congress authorized or empowered to delegate that function to either another branch of the Government or any agency which may be established by Congress. However, S. 2965 authorizes the President to initiate public works programs on a standby basis. These public works programs would be specified, not by Congress, but by the President. The power to appropriate money necessarily carries with it the power and duty to specify the exact programs for which that money is to be spent.

In order to preserve the balance of powers between the three separate and distinct branches of our Government, it is necessary for each branch to perform the duties delegated to it and jealously guard against any usurpation of its powers. If this bill is enacted into law in its present form, Congress will have abdicated its sworn duties and have been a part to the diminution of its own powers.

It is said that there are adequate safeguards written into the bill to prevent the exercise of indiscriminate power by the President. The safeguard is an administrative determination that the national unemployment rate has increased by 1 percent within a 3- to 9-month period. This is no more than a half-hearted pretense at putting reins on arbitrary delegations of power. It by no means justifies the creation of this presidential pork barrel which is unparalleled in the history of our country.

The problems of the unemployed are, and should be, of major concern to all Senators. It is obligatory for us to seek ways and means to relieve the distress which accompanies unemployment for the misjudgments of Congress have contributed to the problem. Nevertheless, in our zeal to do so, we must guard against entrenching upon time honored and constitutionally endowed responsibilities. I submit that the same end—providing relief for areas suffering from substantial unemployment—can be accomplished within a framework consistent with the responsibilities of each branch of our Government.

No one person, regardless of who he is or what position he holds, should enjoy the almost unlimited exercise of powers bestowed upon the office of President by this bill. For these reasons, Mr. President, I intend to support the pending amendment, which would retain the traditional responsibilities of Congress.

Mr. KERR. Mr. President, I yield 3 minutes on the bill to the Senator from New York [Mr. JAVITS].

Mr. JAVITS. Mr. President, I have listened with the greatest attention to what has been said about what has been happening in my hometown of New York on the stock market. Prices are not going up or down because of what we are going to do in connection with the pending bill. We can have different views on that subject, but it does not necessarily mean that the people who are selling are right or that the people who are buying are wrong. It should be remembered that whenever someone is selling on the stock market, someone else is buying.

In my opinion, it must to some extent reflect the uncertainties in the American community as to the capability of this administration to deal with the private economy,

There is at stake in all this discussion confidence in the administration to handle the economy of our country.

That does not mean that it is the President who is running everything. Nevertheless, I deeply feel that people who are selling have that impression. It does not mean that Congress does not have a great deal to say about it.

I hope that Congress will assert itself. I am not deluding myself in respect to this bill, that this is what Congress is going to do about it. The bill amounts to a billion dollars; and the money will have to be appropriated by the Congress. That does not mean very much when we are dealing with an economy of $550 billion and a personal income of $380 billion. So this is not very serious. The bill would give the President authority to do something about spotty situations.

If we want to do something meaningful, we had better get to a tax bill and to the foreign aid appropriations, and deal with other measures which are fundamental to the whole economy. Congress had better assert itself to American business, to show that it proposes to participate in the process by which the American private economic system will be helped, and that the solution will not be left entirely to the President.

I had intended to speak at length tomorrow on this subject, but I was brought to my feet by the feeling in some quarters that this measure would have to deal materially with the whole economy. I do not feel that way.

Mr. CASE of South Dakota. Mr. President, I yield myself 2 minutes on the bill. I read from the bill as it presently stands.

On page 5, I read from section 4:

ACCELERATION OF FEDERAL PROJECTS

SEC. 4. In addition to the authority otherwise available to him, the President, during the existence of the public works acceleration period, may for the purpose of this Act, direct the department and agencies of the executive branch, under such rules and regulations as he may prescribe, to accelerate existing Federal public works projects and programs or to initiate new projects and programs already authorized by law.

On page 6, I read from section 5:

ACCELERATION OF EXISTING FEDERAL GRANT PROGRAMS

SEC. 5. During the existence of a public works acceleration period, the President may direct the departments and agencies of the executive branch to make grants, upon application and under such rules and regulations as they may prescribe, to finance the initiation or acceleration of public works projects and programs for which Federal grants are authorized by the Congress and under the terms and conditions prescribed by the Congress.

Finally on page 16, under delegation of powers there appears this language, which is very much in point if there is fear of an overweaning of power:

DELEGATION OF POWERS

SEC. 13. The President may exercise any functions conferred upon him by this act through such agency or officers of the U.S. Government as he shall specify. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority

successively to redelegate any of such functions. Nothing contained in this section shall authorize the President to delegate the power to proclaim or terminate the public works acceleration period.

Formerly, when we granted the President unusual authority, we provided for a termination of such powers by concurrent resolution of Congress. That was proposed when President Truman wanted to draft the workers for the railroads. Congress could declare the termination of the authority. There is no such provision in the bill for Congress to terminate the powers. The President could delegate all the powers given to him in the bill, and they could be redelegated.

If this does not add to or contribute to the great feeling in this country that there is a great concentration of power in the White House, I do not know what could do so.

Mr. President, this is not idle chatter. The remarks of my distinguished colleague ought to bring that home. The public is alarmed about something. The other day agriculture was the subject. Today it is public works. Tomorrow it will be the tariff. This involves the power to raise and lower taxes, and concentrating in the hands of one man all kinds of powers which he can exercise.

The Senate should stand up and say, "We will retain some of these powers in Congress and in the regularly organized departments and agencies, as proposed by the substitute."

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from South Dakota [Mr. CASE]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD of Virginia (when his name was called). On this vote I have a pair with the senior Senator from Missouri [Mr. SYMINGTON]. If he were present and voting, he would vote "nay"; if I were at liberty to vote, I would vote "yea." I withhold my vote.

Mr. ROBERTSON (when his name was called). On this vote I have a pair with the junior Senator from Wyoming [Mr. HICKEY]. If he were present and voting, he would vote "nay"; if I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Washington [Mr. MAGNUSON], the Senator from Alabama [Mr. SPARKMAN], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that the Senator from Colorado [Mr. CARROLL], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from Idaho [Mr. CHURCH], and the Senator from Washington [Mr. MAGNUSON] would each vote "nay."

On this vote, the Senator from Colorado [Mr. CARROLL] is paired with the Senator from Kansas [Mr. CARLSON]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from Kansas would vote "yea."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from California [Mr. KUCHEL]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from California would vote "yea."

On this vote, the Senator from Missouri [Mr. LONG] is paired with the Senator from Massachusetts [Mr. SALTONSTALL]. If pressent and voting, the Senator from Missouri would vote "nay," and the Senator from Massachusetts would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senaotor from Kansas [Mr. CARLSON], the Senator from California [Mr. KUCHEL], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Colorado would vote "nay."

On this vote, the Senator from Kansas [Mr. CARLSON] is paired with the Senator from Colorado [Mr. CARROLL]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Colorado would vote "nay."

On this vote, the Senator from California [Mr. KUCHEL] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from California would vote "yea," and the Senator from Alaska would vote "nay."

On this vote, the Senator from Massachusetts [Mr. SALTONSTALL] is paired with the Senator from Missouri [Mr. LONG]. If present and voting, the Senator from Massachusetts would vote "yea" and the Senator from Missouri would vote "nay."

The result was announced—yeas 33, nays 43, as follows:

[No. 73 Leg.]

YEAS—33

Aiken	Dworshak	Murphy
Beall	Fong	Pearson
Bennett	Goldwater	Prouty
Boggs	Hickenlooper	Proxmire
Bush	Hruska	Scott
Case, N.J.	Javits	Smith, Maine
Case, S. Dak.	Keating	Thurmond
Cooper	Lausche	Tower
Cotton	Miller	Wiley
Curtis	Morton	Williams, Del.
Dirksen	Mundt	Young, N. Dak.

NAYS—43

Anderson	Cannon	Douglas
Bible	Chavez	Engle
Burdick	Clark	Gore
Byrd, W. Va.	Dodd	Hart
Hartke	Mansfield	Pastore
Hayden	McCarthy	Pell
Holland	McClellan	Randolph
Humphrey	McGee	Russell
Jackson	McNamara	Smathers
Johnston	Metcalf	Smith, Mass.
Jordan	Monroney	Williams, N.J.
Kefauver	Morse	Yarborough
Kerr	Moss	Young, Ohio
Long, Hawaii	Muskie	
Long, La.	Neuberger	

NOT VOTING—24

Allott	Eastland	Long, Mo.
Bartlett	Ellender	Magnuson
Butler	Ervin	Robertson
Byrd, Va.	Fulbright	Saltonstall
Capehart	Gruening	Sparkman
Carlson	Hickey	Stennis
Carroll	Hill	Symington
Church	Kuchel	Talmadge

So the amendment in the nature of a substitute offered by Mr. CASE of South Dakota was rejected.

Mr. KERR. Mr. President, I move that the vote by which the amendment in the nature of a substitute was rejected be reconsidered.

Mr. CLARK. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. KERR. Mr. President, the Senator from Vermont [Mr. PROUTY] has an amendment which I shall be glad to have stated, in view of the fact that I shall be glad to have it agreed to.

Mr. PROUTY. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Vermont will be stated.

The LEGISLATIVE CLERK. On page 13, between lines 20 and 21, it is proposed to insert the following new subsection:

(d) Not more than 30 per centum of the funds authorized to be appropriated by section 10 may be used to carry out the purposes of section 6. The same limitation shall be applicable to the funds authorized to be appropriated in section 8.

Mr. KERR. Mr. President, I have no objection to the amendment.

Mr. PROUTY. Mr. President, I point out that under the bill as now drafted, all the funds could be used under the provisions of section 6 which relate to projects and programs which are not eligible for grants under other acts of Congress. In other words, if the President so desired, all the appropriations authorized under the act could be used for projects which never have been approved by Congress.

My amendment would limit the funds available for this purpose to not more than 30 percent of the authorized appropriations.

I am very grateful to the Senator from Oklahoma for accepting the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont.

The amendment was agreed to.

Mr. COOPER. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. Does the Senator from Kentucky wish to have the amendment read?

Mr. COOPER. No, Mr. President; I ask unanimous consent to dispense with the reading of the amendment, and that

the amendment be printed at this point in the RECORD.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The amendment offered by Mr. COOPER is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following: "That this Act may be cited as the 'Emergency Public Works Act of 1962'.

"FINDINGS

"SEC. 2. The Congress finds that (1) certain communities and areas of the Nation are presently burdened by substantial unemployment and underemployment and (2) action by the Federal Government is necessary to provide immediate useful work for the unemployed and underemployed in these communities. It is the intent and purpose of the Congress to provide for an immediate program of assistance for public works in those areas.

"GENERAL AUTHORIZATION

"SEC. 3. (a) The Housing and Home Finance Administrator (hereinafter referred to as the Administrator), may exercise the authority provided in this Act in areas currently designated by the Secretary of Labor as having been areas of substantial unemployment in each of at least nine of the twelve immediately preceding months, and in areas currently designated as 'redevelopment areas' pursuant to the Area Redevelopment Act.

"(b) The Administrator shall prescribe rules, regulations, and procedures which will assure that adequate consideration is given to the relative needs of the areas eligible for assistance. In prescribing such rules, regulations, and procedures, the Administrator shall consider among other relevant factors: (1) the severity of the rates of unemployment in eligible areas and the duration of such unemployment, and (2) the income levels of families and the extent of underemployment in eligible areas.

"(c) In the case of those projects or programs which qualify under standards established by the Administrator applying uniformly to all similar areas, if the Administrator determines that an area suffering unusual economic distress (because of a sustained extremely severe rate of unemployment or an extremely low level of family income and severe underemployment) does not have economic and financial capacity to assume all of the additional financial obligations required, a grant otherwise authorized pursuant to this Act for a project or program in such area may be made without regard to any provision of law limiting the amount of such grant to a fixed portion of the cost of the project or program, but the recipient of the grant shall be required to bear such portion of such cost as it is able to and in any event at least 10 per centum thereof.

"GRANTS FOR PUBLIC WORKS PROJECTS NOT ELIGIBLE UNDER EXISTING PROGRAMS

"SEC. 4. (a) For the purpose of this Act, the Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to make grants from funds appropriated pursuant to section 7 to States and local public bodies to finance the initiation or acceleration of public works projects and programs which are not eligible for grants under other Acts of Congress.

"(b) The amount of any grant made under the authority of this section shall not exceed 50 per centum of the cost of undertaking and completing the project or program for which the grant is made.

"FEDERAL LOANS

"SEC. 5. (a) For the purpose of this Act, the Administrator, or such agency or officer of the Federal Government as he may designate, is authorized, upon application and under such rules and regulations as he shall prescribe, to use funds appropriated pursuant to section 7 to purchase the securities and obligations of, or make loans to, States and local public bodies which otherwise would be unable to meet their share of the cost of projects and programs for which grants have been authorized pursuant to section 4 of this Act.

"(b) All securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other financial institutions through agreements to participate or by the purchase of participations or otherwise.

"(c) No securities or obligations shall be purchased and no loans shall be made including renewals or extensions thereof which have maturity dates in excess of forty years.

"(d) Financial assistance extended under this section shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (1) 3 per centum per annum, or (2) the total of one-half of 1 per centum per annum added to the rate of interest required to be paid on funds obtained for the purposes of this section as determined by the Secretary of the Treasury as provided under subsection (e) of this section.

"(e) Funds used for the purpose of this section shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the preceding fiscal year and adjusted to the nearest one-eighth of 1 per centum.

"RESTRICTIONS AND LIMITATIONS

"SEC. 6. The authority conferred by this Act shall be subject to the following restrictions and limitations:

"(1) No financial assistance shall be made with respect to any project or program unless the project or segment of work, to be assisted under this Act—

"(A) can be initiated or accelerated within a reasonably short period of time;

"(B) will meet an essential public need;

"(C) if initiated hereunder, can be completed within eighteen months after initiation, but not later than twenty-seven months after the date of enactment of this Act;

"(D) will contribute significantly to the reduction of unemployment; and

"(E) is not inconsistent with locally approved comprehensive plans for the jurisdictions affected, wherever such plans exist.

"(2) Not more than 12½ per centum of the funds provided for projects and programs pursuant to this Act shall be made available within any one State.

"(3) The Administrator shall prescribe such rules, regulations, and procedures as will assure that no assistance under this Act shall be made available to any State or local public body unless the project or program for which the assistance is granted produces a net increase in the expenditures of such State or local public body for public works projects approximately equal to the non-Federal contribution to the project or program.

"APPROPRIATIONS AUTHORIZED

"SEC. 7. There is hereby authorized to be appropriated the sum of $750,000,000 to carry out the provisions of this Act.

"ADVANCES FOR PUBLIC WORKS PLANNING

"SEC. 8. Section 702 of the Housing Act of 1954 is amended by striking out in subsection (3) "July 1, 1961;" and the remainder of the subsection, and inserting in lieu thereof, "July 1, 1961;" and such additional sums which may be made available from year to year thereafter."

"LABOR STANDARDS

"SEC. 9. All laborers and mechanics employed by contractors or subcontractors on projects and programs assisted under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. No such project or program shall be approved without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z–15), and section 3 of the Act of June 13, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276c).

"DEFINITIONS

"SEC. 10. As used in this Act—

"(a) The term 'State' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

"(b) The term 'local public body' includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities, counties, or other political subdivisions of States; Indian tribes, and board or commissions established under the laws of any State to finance specific public works projects.

"(c) The term 'public works' includes the construction, repair, and improvement of: public streets, sidewalks, highways, parkways, bridges, parking lots, airports, and other public transportation facilities; public parks and other public recreational facilities; public hospitals, rehabilitation and health centers, and other public health facilities; public refuse and garbage disposal facilities, water, sewage, sanitary facilities, and other public utility facilities; civil defense facilities; public police and fire protection facilities; public educational facilities, libraries, museums, offices, laboratories, employee housing, and other public buildings; and public land, water, timber, fish and wildlife, and other conservation facilities and measures.

"(d) The term 'project' includes a separable, usable feature of a larger project or development.

"(e) The term 'segment of work' means a part of a program on which the work performed can be separately identified by location and will provide usable benefits or services."

Amend the title to read as follows: "A bill to provide authority to accelerate public works programs of State and local public bodies in areas of the Nation where there is substantial unemployment and underemployment."

Mr. COOPER. Mr. President, I can quickly explain the amendment. Copies have been placed on the desks of all Senators.

This is an amendment in the nature of a substitute for the bill as reported by the committee and as it has been perfected by the Kerr amendments.

My amendment would, first, strike out of the bill the standby authority for $750 million.

Mr. KERR. Mr. President, I ask unanimous consent that debate on this amendment be limited to 5 minutes to a side.

Mr. COOPER. No, Mr. President; I could not agree to that proposal. Under the unanimous-consent agreement, half an hour is available to each side.

Mr. KERR. Very well.

Mr. COOPER. Mr. President, as I was saying, the first effect of this amendment would be to strike out the standby authority of $750 million in section 10 of the bill. Next, the amendment would retain the authorization in section 8 of the bill for the expenditure of $750 million immediately in areas of existing high unemployment—that is, to the extent that the $750 million authorized might be supported by appropriations.

It may be asked how the amendment which I have offered differs from the Kerr amendment, which also authorizes in section 8 the appropriation of $750 million for immediate expenditure. My amendment differs as follows: The Kerr amendment, which provides a $750 million authorization under the section known as the "Chavez amendment," section 8, would permit the $750 million to be spent on several types of projects. Among them are, those for which the total expenditures are Federal expenditures. They are illustrated by Corps of Engineers projects. The amendment would also permit expenditures upon Federal-aid projects, such as highway projects, water pollution projects, watershed projects, and hospital construction projects—projects and programs which have been approved and authorized by Congress. Third, it would permit expenditures upon local projects which are not now eligible for Federal aid.

My amendment differs from the Kerr amendment in that my amendment would require that the full $750 million be spent upon local projects—small projects in communities, the types of projects which are not now eligible for Federal aid. The same limitations would be placed upon the expenditure of the funds upon projects of that type that are contained in the Kerr amendment—that is, Federal financing would be on a matching basis, 50–50, if the community is able to match. If not, the local share could be reduced to 10 percent—and there is also a provision for a loan to the community if it is unable to furnish its share.

It may be asked why I offer an amendment of this type. First, I return to my belief that the $750 million of standby authority in section 10 should be stricken from the bill. I say this because it would not become available until July 1, 1963. Certainly before that time, if conditions deteriorated so much that standby authority were needed, a great deal more money than $750 million would be required; and next year we shall have an opportunity to determine whether conditions have worsened or whether they are better.

Turning to the second feature of my amendment—the part which provides a $750 million authorization under the Chavez amendment—but limits it to expenditure on local projects which are not now eligible for Federal aid—I should like to state why I believe this would be better than the Kerr amendment. The first reason is that it would not include existing Federal programs or disrupt their criteria. Criteria have been established by Congress for programs which depend wholly upon Federal aid and for the programs which provide assistance to the States. Such criteria are understood by the States and the local communities.

I do not believe we ought to interfere with criteria established for such programs. Appropriations are available or will be available for existing programs in the amount of at least $2 billion. They can be accelerated by the President, just as President Eisenhower accelerated the highway program. Defense appropriations could be accelerated.

If we begin to change the criteria of these established programs as the Committee bill would do, we will create discrimination between States and communities. It would lead to arbitrary decisions. We might see the deterioration of the existing Federal and grant-in-aid programs.

The best way to put people to work quickly is through small projects which can be quickly planned and commenced in local communities. Projects for streets, sidewalks, bridges, buildings, sewers—all kinds of local works of that kind—can be started promptly.

From 1930 to 1937 I served as a county judge in my county, during the depression. In that position I worked ex officio with those in charge of the relief and works programs. I have never forgotten those years. I learned from experience that it was not the large programs carried out by contractors, with machinery and their own crews, that put people to work. It was the small projects in local communities. I have never forgotten those years—the people in need and out of work—and I want this bill to be effective.

This is the reason which leads me to believe that it would be most effective to confine the expenditure of $750 million under the Chavez amendment to programs which are not now eligible for Federal grants. It would stimulate the commencement of projects which would quickly put people to work. That is the chief point of my amendment.

I serve on the Public Works Committee, but I am not an economist. Neither am I an expert on fiscal and monetary affairs. But I do know that this bill is much more important than is indicated by the time and debate given to it. It brings into issue the state of our economy, and what methods are best to accelerate its growth and to provide jobs. Yet very little has been said in the hearings or in the debate on the Senate floor about these basic issues.

The fact that this bill is before us indicates the administration's belief that the economy is in difficulty.

Mr. GORE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. GORE. I congratulate the able Senator upon the remarks he has just made. Like the able senior Senator from Kentucky, the junior Senator from Tennessee served in a county office before having the privilege of serving the U.S. Congress.

Mr. COOPER. And we were not many miles apart.

Mr. GORE. That is correct; nor have we ever been far apart so far as personal friendship is concerned.

I agree with the Senator when he states that this is an important bill in the state of our economy. Remarks were made earlier today about the need for the Senate to take some action to stem certain activities in the stock market. I do not know that the Senate needs to meet that condition, but, if so, the most effective way to bolster our economy, in my opinion, is to spend money in the public domain, on projects and undertakings that will add permanent improvements to our country, facilities for our communities, cities, towns, and States, thereby adding to the wealth and enjoyment of the country and providing jobs for those who need work, and who are willing and able to work, and who, in turn, will spend the money for the needs of their families.

Mr. COOPER. I thank the Senator. There is a great variety of opinion in the country as to the proper means to stimulate the economy. Some urge emergency works measures. For emergency purposes I would say that tax reductions and revision would be more effective.

Basically the provision of jobs depends upon the growth of our private enterprise, its modernization, its ability to compete, and the confidence of people to invest in private enterprise. And these basis necessities are influenced strongly by governmental policy—by confidence or lack of confidence in governmental fiscal and monetary policies. Regretfully, for I want our country to be prosperous, and I gain no partisan pleasure from any economic failure of the administration, I believe there is a lack of confidence in the country today, about the policies of the administration. Nevertheless, whatever this administration does, and whether it puts its fiscal and monetary policies in order, and whether investment stimulates the economic growth of the country, many people will be out of of work for a time, due to the lag in our economy and technological changes, which have put people out of work. I believe these people ought to be taken care of. I do not think a rich country, at a time a country in which many people are enjoying their highest living standards, can refuse to act, when people are out of work through no fault of their own.

Other Senators and I did our best to strike out the worst provisions of the bill—the $2 billion standby authority, and the bad financing provisions—and

we were successful. I believe the amendment I have offered—and I say this to the Senator from Oklahoma with sincerity—is more realistic than the committee bill. It does not contain provision for the $750 million in standby authority which is not needed. I repeat, if the situation is such that we need standby authority 1 year from now, we will need much more than $750 million. My amendment would direct the $750 million to areas where it is needed, to the areas of unemployment about which the Senator from Oklahoma spoke. It is not merely "a shot in the arm," which, as we all know, has not been successful in the past.

I hope the Senate will adopt my amendment.

I thank the Senator from South Dakota [Mr. CASE] for his efforts to improve the bill. I know that, long before any of us spoke in the committee, he was the first on the Senate floor to bring these considerations to the attention of the Senate. He led the battle, and we are grateful to him.

Mr. CASE of South Dakota. Mr. President, will the Senator yield so that I may respond?

Mr. COOPER. I yield.

Mr. CASE of South Dakota. The distinguished Senator from Kentucky has been a tower of strength for sound thinking on the Public Works Committee, and the proposal which he has offered as a substitute is good evidence of his clear thinking and understanding of the problem.

The substitute which he offers is a well-organized bill. It goes to the heart of the true problem. It avoids concentration of power in establishing new bureaus and a bigger bureaucracy which I feel could result from the bill as reported from the committee.

I hope the substitute will be agreed to.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. JAVITS. I shall support the Senator's substitute. I agree with what the Senator from South Dakota has said about it. I asked the Senator to yield only because my beloved and good friend the Senator from Tennessee has posed an issue which is important. I do not know his own views on this issue, but I would like to state mine, if I may.

The issue is, Can we hope to materially affect the total economy of the country by a bill of this kind? I think what the Senator from Kentucky has done has put the issue in precise terms. In short, we cannot change the economy of the country. We can deal with some basic pockets of unemployment. This is a good way to do it.

The fundamental issue or question involved is, Can action in the field of expenditure, such as in public works, change the direction of the general economy? It is my deep conviction that it cannot.

I shall support the Senator's amendment, which is very clear sighted and straight, because it is a means by which we can do something about a particular, specialized problem. Let us get it on the road, with Congress doing something fundamental for the economy. I think it is the impairment of confidence that is bringing about the erosion of confidence today.

Mr. COOPER. I thank the Senator.

Mr. KERR. Mr. President, I hope the amendment will not be agreed to.

The Senator talked about consideration of the bill. He said it was too important to be acted on in the time given to it. We had many days of hearings on the bill in the committee. We had several days of consideration. All of today has been devoted to debate in the Senate.

The Senator's original amendment would have authorized the amount of $600 million. I understand he now would change the figure to $750 million.

Mr. COOPER. Because the Senate voted for that.

Mr. KERR. The Senate voted for $1.5 billion.

The Senator would put the whole administration of the bill, if his amendment were agreed to, under the Administrator of the Housing and Home Finance Agency.

The Senator from Vermont said that section 6 of the bill provided for projects not now authorized, and he feared that too much of the money appropriated would be spent for that purpose. The Senator from Oklahoma recommended the acceptance of a limiting amendment, that not more than 30 percent of the money should be available for those purposes, as outlined under section 6. That was agreed to, unanimously, as I understood, with the vote of the Senator from Kentucky.

Mr. COOPER. I voted against it. I voted "nay."

Mr. KERR. As I understand the Senator's proposal, he would put the entire bill under section 6, for the projects not now authorized. The entire bill would be put under section 6.

The Senator said that criteria have been established by the Congress, for which he wishes to see money appropriated. How could criteria be fixed for projects not authorized and not in existence?

Mr. COOPER. Mr. President, will the Senator yield?

Mr. KERR. How could criteria be established for water projects, for antipollution projects, for sewage projects, or for other projects, if the entire appropriation is limited to the Housing and Home Finance Agency?

I cannot imagine anything less persuasive than the general substitute now offered by the Senator from Kentucky, who is a member of the committee. The amendment was not before the committee. It was not a question that the Senator felt should be considered by the committee. Yet the Senator says we have not devoted enough time to the bill, at the same time he asks the Senate to throw it entirely aside and to substitute for it a proposal which, I venture to say, not more than one Senator out of ten understands, and with reference to which no criteria have been established and no consideration has been given. It is a proposal for administration in entirety by the Housing and Home Finance Agency.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. KERR. I yield the floor.

Mr. COOPER. I am sure the Senator from Oklahoma understands my proposal clearly.

Mr. KERR. I described it fairly clearly.

Mr. COOPER. I am sure the Senator understands it clearly, but he has not described it correctly.

First, I wish to comment upon our committee action. The committee met and heard testimony of representatives from the administration. The Secretary of Labor and the Director of the Bureau of the Budget and others presented their proposal to spend $2 billion and to take the money from special funds of important Government agencies.

Later the committee met in executive session.

The Senator knows the high regard I have for him. I love the Senator. The Senator is a very persuasive man. The committee reported that bill very quickly.

We did our best in the committee, and I was not asleep at the time. I made a motion with Senator BOGGS to strike the $2 billion standby authority. All of the Senators on my friend's side of the aisle voted against the motion.

Again with Senator BOGGS, I made the motion to strike out the financing provision. Every one on the Senators side voted against it.

Again we made the motion to confine the program to the same section I am now emphasizing—the Chavez amendment, which is now included in the amendment of the Senator from Oklahoma. I made the motion and it was defeated.

I have not sought to change that section, other than in two respects. I have accepted the $750 million figure, on which the Senate voted today, and I have placed in my amendment the provision that it should be restricted to local projects which are not now eligible for Federal aid, for the reason that they can be put into operation faster, and can provide employment for people who are out of work.

With respect to criteria, I did not say that these projects have Federal criteria. I said that we ought not to meddle with the Federal aid projects and other Federal projects having criteria developed by the Congress. If we should do so, we would tear down the structure which the Congress, the States, and the communities have established throughout the years.

I know the clear and keen mind of my dear friend. He knows exactly what I am proposing. I know he understands my explanation.

Mr. KERR. Mr. President, I would not do an injustice to the Senator from Kentucky for 10 bills.

If I understood the Senator in the committee, he voted for the Chavez amendment.

Mr. COOPER. That is correct.

Mr. KERR. And he offered no substitute for it.

Mr. COOPER. There was not time.

Mr. KERR. The Chavez amendment covered sections 4, 5, 6, and 7 of the bill.

I made the statement that the proposal now made was not offered to the committee. It would limit the entire appropriation to sections 6 and 7 of the bill. I know the Senator will admit that he did not offer that proposal to the committee. That is all the Senator from Oklahoma said.

Mr. COOPER. There was hardly time to offer anything.

Mr. KERR. The Senator had an abundance of time to offer proposals.

This is the first time that such a suggestion has been made, to my knowledge, anywhere.

Mr. CHAVEZ. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HART in the chair). Does the Senator yield to the Senator from New Mexico?

Mr. COOPER. I yield to the Senator from New Mexico.

Mr. CHAVEZ. Mr. President, I presided at the committee meeting when the bill was reported.

No one respects the Senator from Kentucky more than does the senior Senator from New Mexico. I appreciate his cooperation, both at the time of the hearings and at the time of marking up the bill. However, I do not recall that any effort whatsoever was made to change it.

I thank the minority members of the committee for their cooperation. This is the first time we have heard about the changes. I hope that the Senate will pass what we have recommended.

Mr. COOPER. Mr. President, I thank the Senator from New Mexico. Both the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Oklahoma [Mr. KERR] are correct in their statements that I did not move in the committee to change the Chavez amendment.

But the amendment I offer on the floor would change it to a certain extent. It would be limited to projects not now under Federal aid. I said that. I have a right to suggest the change. It is my idea. I think it is a good one.

Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. Do Senators yield back their remaining time?

Mr. KERR. Mr. President, I yield back my remaining time.

Mr. COOPER. Mr. President, I yield back any time remaining on this side.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. COOPER].

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Idaho [Mr. CHURCH] the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Washington [Mr. MAGNUSON], the Senator from Alabama [Mr. SPARKMAN], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that the Senator from Colorado [Mr. CARROLL], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] are necessarily absent.

On this vote, the Senator from Colorado [Mr. CARROLL] is paired with the Senator from Kansas [Mr. CARLSON]. If present and voting, the Senator from Colorado would vote "nay" and the Senator from Kansas would vote "yea."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from California [Mr. KUCHEL]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from California would vote "yea."

On this vote the Senator from Missouri [Mr. LONG] is paired with the Senator from Massachusetts [Mr. SALTONSTALL]. If present and voting, the Senator from Missouri would vote "nay," and the Senator from Massachusetts would vote "yea."

I further announce that if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from Idaho [Mr. CHURCH], the Senator from Washington [Mr. MAGNUSON], and the Senator from Missouri [Mr. SYMINGTON] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from California [Mr. KUCHEL], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Colorado would vote "nay."

On this vote, the Senator from Kansas [Mr. CARLSON] is paired with the Senator from Colorado [Mr. CARROLL]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Colorado would vote "nay."

On this vote, the Senator from California [Mr. KUCHEL] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from California would vote "yea," and the Senator from Alaska would vote "nay."

On this vote, the Senator from Massachusetts [Mr. SALTONSTALL] is paired with the Senator from Missouri [Mr. LONG]. If present and voting, the Senator from Massachusetts would vote "yea," and the Senator from Missouri would vote "nay."

The result was announced—yeas 34, nays 44, as follows:

[No. 74 Leg.]

YEAS—34

Aiken	Cannon	Curtis
Beall	Case, N.J.	Dirksen
Bennett	Case, S. Dak.	Dworshak
Boggs	Cooper	Fong
Bush	Cotton	Goldwater
Hickenlooper	Mundt	Thurmond
Hruska	Murphy	Tower
Javits	Pearson	Wiley
Keating	Prouty	Williams, Del.
Lausche	Proxmire	Young, N. Dak.
Miller	Scott	
Morton	Smith, Maine	

NAYS—44

Anderson	Humphrey	Morse
Bible	Jackson	Moss
Burdick	Johnston	Muskie
Byrd, Va.	Jordan	Neuberger
Byrd, W. Va.	Kefauver	Pastore
Chavez	Kerr	Pell
Clark	Long, Hawaii	Randolph
Dodd	Long, La.	Robertson
Douglas	Mansfield	Russell
Engle	McCarthy	Smathers
Gore	McClellan	Smith, Mass.
Hart	McGee	Williams, N.J.
Hartke	McNamara	Yarborough
Hayden	Metcalf	Young, Ohio
Holland	Monroney	

NOT VOTING—22

Allott	Ellender	Magnuson
Bartlett	Ervin	Saltonstall
Butler	Fulbright	Sparkman
Capehart	Gruening	Stennis
Carlson	Hickey	Symington
Carroll	Hill	Talmadge
Church	Kuchel	
Eastland	Long, Mo.	

So Mr. COOPER's amendment was rejected.

Mr. KERR. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. CLARK. I move to lay that motion on the table.

The motion to table was agreed to.

Mr. CLARK. Mr. President, I call up the amendment identified as "5-23-62—O," on behalf of the Senator from Missouri [Mr. LONG].

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 17, line 19, following the word "facilities;" and before the word "public" insert "prisons, training schools, and youth correctional facilities:".

Mr. CLARK. Mr. President, the amendment proposed by the Senator from Missouri [Mr. LONG] is now the pending business. I have spoken to both the Senator from South Dakota [Mr. CASE] and the Senator from Oklahoma [Mr. KERR], who is in charge of the bill on the floor. They tell me they have no objection to it. The purpose is to make clear that prisons and training schools and youth correctional facilities may qualify as places that would be eligible for loans under the bill.

Mr. KERR. I have no objection to the amendment.

Mr. CASE of South Dakota. I have no objection. However, if we are to expand these items for public works, probably we should also include nonprofit hospitals. The language merely refers to public hospitals. I refer to page 17, at line 19.

Mr. KERR. That is the only kind covered in the bill.

Mr. CASE of South Dakota. There are many hospitals constructed with Hill-Burton funds which are not strictly public hospitals. They are nonprofit hospitals.

Mr. KERR. Under the bill they can qualify up to a 50-percent grant, but not more than that.

Mr. CASE of South Dakota. Is the Senator certain that a hospital spon-

sored or built by one of the religious organizations is not included?

Mr. KERR. It would not be a public hospital.

Mr. CASE of South Dakota. But those hospitals qualify for Hill-Burton funds.

Mr. KERR. I refer the Senator from South Dakota to the amendment at page 17, line 19, "after 'public' insert 'and nonprofit.'"

Mr. CASE of South Dakota. "Public and" or "public or"?

Mr. KERR. "Public and nonprofit." I have no objection to the amendment of the Senator from Missouri, which was included in the substitute offered by the Senator from South Dakota.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. CLARK] for the Senator from Missouri [Mr. LONG].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MILLER. Mr. President, I have an amendment at the desk, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 17, after the word "variations," it is proposed to add the following: "and excluding unemployment existing by reason of any strike or strikes".

Mr. MILLER. I propose limiting the time for debate on the amendment to 5 minutes on each side.

Mr. KERR. That is agreeable.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLER. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. MILLER. I said I would suggest 5 minutes on each side for a limitation on debate. However, I want the yeas and nays on my amendment, and I am not ready to ask for 5 minutes on a side unless I can have the yeas and nays ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MILLER. Mr. President, I yield myself 2 minutes. The one thing that bothers me about the bill is with respect to the 1 percent increase, which can trigger off three-quarters of a billion dollars worth of public works spending.

It seems to me that the real intention behind the 1 percent is that it be due to a real economic reason. We know that strikes can have a very important impact on unemployment.

Let us visualize, for example, that during a 5-month period unemployment goes up three-quarters of 1 percent, and suddenly there is a big strike. That would trigger off three-quarters of a billion dollars of public works spending. Then let us visualize that a day or two after that happens, the strike is settled.

I cannot believe that the real function behind the bill is to cover a situation like that. However, if we are really seeking to solve economic problems, I suggest that the amendment would attain that result. Without my amendment we could trigger off three-quarters of a billion dollars almost overnight as a result of a strike.

I have nothing further to say on my amendment. I shall be happy to yield for questions, or yield back my time.

Mr. KERR. Mr. President, I yield myself 1 minute. I hope the amendment will not be agreed to, because I do not believe that we should pass a bill for the express purpose of relieving unemployment and then have it interpreted as being a bill to outlaw strikes. I do not believe the Senate would want to do that.

I yield back the remainder of my time.

Mr. MILLER. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from Iowa. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Washington [Mr. MAGNUSON], the Senator from Alabama [Mr. SPARKMAN], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I further announce that the Senator from Colorado [Mr. CARROLL], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. BARTLETT], the Senator from Idaho [Mr. CHURCH], the Senator from Washington [Mr. MAGNUSON], the Senator from Missouri [Mr. SYMINGTON], the Senator from Colorado [Mr. CARROLL], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from California [Mr. KUCHEL], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Kansas [Mr. CARLSON], and the Senator from California [Mr. KUCHEL] would each vote "nay."

The result was announced—yeas 12, nays 66, as follows:

[No. 75 Leg.]

YEAS—12

Bennett	Dworshak	Miller
Byrd, Va.	Hickenlooper	Mundt
Case, S. Dak.	Hruska	Robertson
Curtis	Lausche	Thurmond

NAYS—66

Aiken	Hartke	Moss
Anderson	Hayden	Murphy
Beall	Holland	Muskie
Bible	Humphrey	Neuberger
Boggs	Jackson	Pastore
Burdick	Javits	Pearson
Bush	Johnston	Pell
Byrd, W. Va.	Jordan	Prouty
Cannon	Keating	Proxmire
Case, N.J.	Kefauver	Randolph
Chavez	Kerr	Russell
Clark	Long, Hawaii	Scott
Cooper	Long, La.	Smathers
Cotton	Mansfield	Smith, Mass.
Dirksen	McCarthy	Smith, Maine
Dodd	McClellan	Tower
Douglas	McGee	Wiley
Engle	McNamara	Williams, N.J.
Fong	Metcalf	Williams, Del.
Goldwater	Monroney	Yarborough
Gore	Morse	Young, N. Dak.
Hart	Morton	Young, Ohio

NOT VOTING—22

Allott	Ellender	Magnuson
Bartlett	Ervin	Saltonstall
Butler	Fulbright	Sparkman
Capehart	Gruening	Stennis
Carlson	Hickey	Symington
Carroll	Hill	Talmadge
Church	Kuchel	
Eastland	Long, Mo.	

So Mr. MILLER's amendment was rejected.

Mr. KERR. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. PASTORE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERR. Mr. President, one technical amendment should be made in the bill. On page 16, line 14, the language reads: "and section 3 of the Act of June 13, 1934, as amended." The wording should be changed to read "and section 2 of the Act of June 13, 1934, as amended." I ask unanimous consent that the figure "3" be changed to "2."

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment is agreed to.

The bill is open to further amendment.

Mr. CASE of New Jersey. Mr. President, for myself and on behalf of my colleague from New Jersey [Mr. WILLIAMS] I offer the amendment which is at the desk. I ask unanimous consent that the reading of the amendment be dispensed with, and that the amendment be printed in full at this point in the RECORD.

The PRESIDING OFFICER. Without objection, the reading of the amendment will be dispensed with; and without objection, the amendment will be printed at this point in the RECORD.

The amendment is as follows:

On page 16, between lines 16 and 17, insert a new section as follows:

"SHORE PROTECTION

"SEC. 13. The Act entitled 'An Act authorizing Federal participation in the cost of protecting the shores of publicly owned property', approved August 13, 1946, as amended (33 U.S.C. 426e–426h), is amended as follows:

"'(1) in subsection (b) of the first section strike out "one-third" and insert in lieu thereof "one-half";

"'(2) before the period at the end of such subsection (b) insert a comma and the following: "except that the costs allocated to the restoration and protection of Federal property shall be borne fully by the Federal Government, and further that Federal parti-

cipation in the cost of a project for restoration and protection of State, county, and other publicly owned shore parks and conservation areas may be the total cost exclusive of land costs, when such areas (1) include a zone which excludes permanent human habitation, (2) include but are not limited to recreational beaches, (3) satisfy adequate criteria for conservation and development of the natural resources of the environment, (4) extend landward a sufficient distance to include, where appropriate, protective dunes, bluffs, or other natural features which serve to protect the uplands from damage, and (5) provide essentially full park facilities for appropriate public use, all meeting the approval of the Chief of Engineers'',' "

Redesignate the following sections of the bill accordingly.

Mr. CASE of New Jersey. Mr. President, the amendment would add a new section to the bill, by which the Federal Beach Control Protection Act would be amended to increase the Federal share in normal projects from one-third to one-half, and also to increase the Federal share to 100 percent in the case of federally owned property and in the case of certain other publicly owned property which meets certain criteria.

The necessity for the amendment of the basic Beach Control Act is very clear from our experience in New Jersey. We have a program for the entire shore from Sandy Hook to Cape May, approved by the Corps of Engineers, which would cost an estimated $29 million, for which, under existing law, the Federal Government would be permitted to spend only $7 million, in part because a part of the property is private property, on which no Federal share would be payable at all.

Except for a few isolated instances, the program has been utterly unavailing, because the State and the affected municipalities have been unable to pay the cost which is necessary under existing law.

My colleague from New Jersey [Mr. WILLIAMS] and I have introduced a bill (S. 3310) which would change the basic law in this regard. The effect of our proposal would be to make this change as an amendment to the bill now before the Senate. I understand, of course, that hearings have not been had on the bill which my colleagues from New Jersey and I have introduced. I believe it would be appropriate for such hearings to be had on it before the Senate would be asked to act upon a measure as important as this. Therefore, I do not intend to press for Senate action on the amendment at this time; but I should like to ask the Senator in charge of the bill about the possibility of having hearings held on our amendment.

Mr. KERR. I feel sure that in a few weeks the Senate committee will hold hearings on an omnibus bill, for I have been assured by the House committee that an omnibus bill will come to us from the House; and my experience since I have been a member of the committee leads me to believe that that is likely to be the course.

The present provision of the law was enacted several years ago, following committee hearings; and I say to the Senator from New Jersey that the Public Works Committee will be very glad indeed to hold hearings on his amendment at such time as the omnibus bill comes to it, this year. Therefore, I have told the Senator that I would be glad to have the committee consider the amendment in connection with its consideration of the omnibus bill.

Mr. CASE of South Dakota. Mr. President, will the Senator from New Jersey yield to me?

Mr. CASE of New Jersey. I yield.

Mr. CASE of South Dakota. I concur in what the Senator in charge of the bill has said. There may be a question as to whether the amendment would be germane, and it would come under the unanimous-consent agreement which provides that no amendment not germane would be considered. The provision which is sought to be amended was part of a public works bill of a few years ago, and I question whether it would be germane to amend that act by means of this measure.

At any rate, the circumstances related by the Senator from New Jersey indicate the importance of the situation; and I, too, would be glad to have the amendment given a hearing and consideration by our committee at the time when the hearings on the omnibus bill are held.

Mr. CASE of New Jersey. I thank both the Senator from Oklahoma and the Senator from South Dakota for the position they take in regard to hearings on the amendment; and, Mr. President, based on their assurances, and acting on behalf of my colleague the Senator from New Jersey [Mr. WILLIAMS] and myself, I now withdraw the amendment.

Mr. President, I ask unanimous consent that a statement in support of the amendment be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CASE OF NEW JERSEY

Our amendment would assure increased Federal participation in the cost of providing beach erosion control protection on a long-range basis.

The residents of that extensive area along the eastern coast which suffered the devastating effects of the March tidal storms understand fully what would happen to their homes and businesses, their lives and property, should another storm of anything like similar severity strike in the near future. These same residents know, too, how different things would likely have been, had permanent beach protection barriers been there before the March storm struck.

We understand that the President declared seven coastal States eligible for Federal aid from his disaster fund in the wake of the March storm. But everyone knows, too, that this Federal program meets only emergency costs of repair and that, dollarwise, the amount of money actually allocated is insignificant compared to the overall cost to public and private facilities. And even more important is the fact that the character of the repair work being done, in good measure, is of a temporary nature.

A program for permanent beach erosion control has been proposed by the Army Corps of Engineers for the New Jersey shore, from Sandy Hook to Cape May. This program would cost a total of $29 million. Of this, the Federal share would be only about $7 million, under existing law. The present formula of Federal participation is one-third of the cost of providing permanent beach protection, exclusive of purely private beach areas which are not eligible for Federal assistance. For financial reasons, the State of New Jersey and municipalities affected have been unable to meet their share, except in a few isolated instances. Accordingly, this vitally needed program is at a virtual standstill.

On May 16, I introduced a bill, S. 3310, in behalf of myself and Senator WILLIAMS of New Jersey, which would increase from one-third to one-half the Federal participation in the cost of shore restoration and protection projects.

It also provides for 100 percent Federal cost participation in protection of Federal property and in projects of State, county, and other publicly owned shore parks and conservation areas which meet certain criteria set forth in the bill. The Federal participation in the cost of providing this permanent protection could be total, exclusive of land costs, when such areas—

1. Include a zone which excludes permanent human habitation;
2. Include but are not limited to recreational beaches;
3. Satisfy adequate criteria for conservation and development of the natural resources of the environment;
4. Extend landward a sufficient distance to include, where appropriate, protective dunes, bluffs, or other natural features which serve to protect the uplands from damage; and
5. Provide essentially full park facilities for appropriate public use, all meeting the approval of the Chief of Engineers.

The amendment which we offer today embodies the principal provisions of S. 3310. It is designed to assure an increase in the cost of Federal participation in beach erosion projects, one of the kinds of public works programs of the Federal Government and State and local public bodies meant to be assisted by the pending bill.

The lesson of the recent storm is a vivid one for those of us in coastal areas. The objective of this amendment is to assure priority status for a most worthy public works program. If the recommendations of the Engineers had taken practical effect in my State, we are sure that the seawalls, the sand fill, the bulkheads, the jetties, the groins and other protective devices would have minimized to a considerable extent the effects of the March disaster. This amendment recognizes that without increased Federal participation, the prevention of similar disasters will be difficult indeed.

Protecting the precious national asset which is our shoreline is a needed public work, regardless of the desirable effect this construction would have in decreasing unemployment.

Adoption of my amendment would assure increased Federal participation in the cost of providing beach protection.

The Federal share of existing matching grant programs would be increased if the standby authority provided by S. 2965 should be triggered into action. If action is triggered, increased Federal participation would be the result, but not to the extent which strengthened conservation practices would provide under my amendment. If there is no trigger, there is no action, and the Federal share of the costs would not be increased. Hence, the incentive to get beach erosion control projects into motion would be lacking, even as the incentive is lacking today.

The other major provision of S. 2965 provides immediate aid to areas of substantial unemployment. But there is no provision for increasing Federal participation in beach erosion projects unless the President determines that an area is suffering unusual economic distress.

The amendment which I propose is not of benefit to my State alone. America's shoreline would be the beneficiary—east coast, west coast, gulf coast, the Great Lakes. Preservation of this heritage of the ages is no more essential for New Jersey than it is for the Nation as a whole.

The PRESIDING OFFICER. The amendment of the Senator from New Jersey is withdrawn.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. KERR. Mr. President, I yield 5 minutes on the bill to the Senator from Ohio [Mr. YOUNG].

The PRESIDING OFFICER. The Senator from Ohio is recognized for 5 minutes.

Mr. YOUNG of Ohio. Mr. President, the gross national product is at an all-time high. Personal income is rising. Most of the economic indicators are favorable. Many of our citizens are enjoying the fruits of an affluent society. To most people "everything's coming up roses."

Yet there are too many weeds of unemployment in the rose garden of our economy. President Kennedy has singled out the task of finding jobs in an era of automation as the gravest domestic challenge of the 1960's.

A clue to our President's concern is found in some statistics recently published by officials of the Department of Labor. These statistics clearly indicate that the current recovery in production has yielded the fewest additional jobs of any recovery in the postwar period. Moreover, these statistics show that each of the four postwar recoveries has had increasingly less power to expand jobs.

The simple fact is that it is taking fewer and fewer people to produce more and more goods. Men are losing their jobs to machines. These are statistics. But unemployment is not a statistic. Unemployment connotes human beings in distress. It is borrowing money and going hungry. It is anxiety and broken homes. It is juvenile delinquency. It is workingmen watching television all day because the factory is closed and there is no work.

Mr. President, I shall not dwell on the misery, suffering, and loss of dignity which is the lot of the unemployed worker and his family. The unemployed worker cannot eat our sympathy. He wants the opportunity to work and earn a fair day's pay. Involuntary unemployment is a great moral wrong.

We must act quickly if we hope to avoid an ever increasing "hard core" of chronically unemployed. In the next decade the number of youth entering the labor force will increase by almost 50 percent. Automation and technological change will also increase. Unemployment will rise unless strong measures are taken now to provide jobs for the increase in manpower.

Unemployment is a national problem. Every section of this country has suffered in one way or another from the effects of unemployment and the resulting decrease in purchasing power. My own State of Ohio is suffering with some 260,000 currently unemployed. This represents 6.7 percent of the labor force. The hardest hit communities are usually those with the fewest tax resources. Community leaders in these distressed areas all agree on the need for national assistance.

There is no single cause nor any simple remedy for the unemployment problem. It is a problem resulting from complex forces, and I suppose we shall always have some unemployment. But, we can and we must provide legislation which will drastically reduce this number of unemployed.

We have made some progress in this direction but much still remains to be done.

A distressed areas bill has been passed and the area redevelopment agency has been set up. I consider this bill to be good sound legislation. As usual, the bureaucrats are dragging their heels and retarding the good intent and effect of this bill. In the State of Ohio we have 14 areas of substantial unemployment. To date not one single area loan has been granted.

Another bill was passed which authorized a 14 month program permitting the States to give aid to the children of needy unemployed persons who are not eligible for assistance under the federally supported program. This bill fulfills a great need and should be made a permanent part of the program.

The Manpower Development and Training Act will provide training for over one-half million people during the next 3 years. We must take steps to insure that the administration of this bill is effective.

We cannot rest on our laurels and be content with what has been done. Automation is expanding at an increasing rate. Every week 25,000 young people enter the labor market. Jobs must be found for them and for those older people who have been displaced by automation. In the next 10 years, 26 million young people will enter the labor market. It is expected that 7½ million of these will not have completed school. They will be untrained for anything at a time when the demand will be for skilled workers.

In order to respond to these needs, we must continue our efforts to accelerate the growth of the general economy of the United States. Rosy answers for the future are no substitute for thought and effort. They do not put bread on the table or money in the pockets of American working men and women.

There is a need for this legislation authorizing a public works program. There are a large number of public work projects gathering dust. These projects are desperately needed in various communities throughout the country. There is no reason why these projects should not be undertaken in times of high unemployment.

President Kennedy is asking for a $600 million public works program. This program would extend through fiscal 1964. It would be operative in areas which have been designated as areas of substantial unemployment.

Funds would be allocated both for Federal public works projects and for grants and loans to States and communities. Grants to States and communities could be for as much as 50 percent of the cost of a project. The program would also make loans available to those communities which would otherwise be financially unable to meet their share of project costs.

Projects would be limited to those which could be initiated within a reasonable period of time and could be completed within 12 months after initiation.

These projects would not create a new crop of bureaucrats. Federal projects could not be initiated other than those which are presently authorized by Congress. Most of the work would be performed by private employers and contractors.

So-called leaf-raking and other make-work activities would not be authorized under this program. These would be projects such as construction of hospitals, roads, airfields, port facilities and public buildings. Conservation activities to improve our public land, water, timber, and natural resources would be part of the program. Badly needed laboratories, research and training facilities would be built.

In hundreds of localities throughout the country jobs will be created. In addition to the primary employment opportunities this program would create, there will be secondary employment effects as local economies are stimulated.

In the last analysis, the deepest cuts in the unemployment rolls will be made by strong increases in economic demand. This public works program will go a long way toward stimulating demand and at the same time easing "hard core" unemployment.

This bill contains safeguards to insure that the work can be initiated promptly, that it will result in a real addition to our country's facilities and resources. Furthermore, it is work that will be performed at a time when it will do the most good.

The ultimate test of our economic system is its ability to provide employment for our people. Unless we move quickly to deal with the new age of change, we may fail this test.

Surely our American know-how which is capable of developing the fantastic machinery of this new industrial age is also capable of devising means to turn it to our advantage and to realize from it an age of economic plenty, not an age of economic catastrophe.

We must go forward to hasten the time when every American will have an opportunity to share in the productive effort of our economy and to claim a share of that which is produced.

Mr. DIRKSEN. Mr. President, I yield now to the Senator from Vermont [Mr. AIKEN].

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. AIKEN. Mr. President, if I felt that a depression were inevitable or unavoidable, I would gladly vote for the authorization of appropriations totaling $1,500 million with which to combat it. In fact, I would be willing to vote for a

much larger sum, if necessary, in order to prevent a depression.

But in urging this bill upon the Congress, it appears that the administration believes that the inevitability of a depression has already been established. I do not agree with that premise, because I do not believe we need to have a depression within the next 2 or 3 years.

But one way to create a depression is to accept it and predict it. I believe that when this measure is passed—and I expect the Senate to pass it—it will be all that will be needed to convince the people of the country that a depression really will be lying ahead of them.

But the administration can prevent a depression if it desires to do so. It can restore much of the confidence which has been lost as a result of various measures which the administration has proposed and has requested Congress to enact.

Last Friday the Senate passed a measure called the omnibus farm bill. That bill might better have been called a bill to promote unemployment in the United States, because I cannot think of any measure which could do more to promote unemployment and to bring on recession or depression than a bill which would cut down on the work being done at this time on our farms.

If the House of Representatives were to pass the farm bill and if the bill were to become part of an official program, it would adversely affect the employment of thousands of persons who are working in fertilizer factories, and in plants engaged in manufacturing spraying materials, and in plants engaged in manufacturing farm machinery, including tractors and other types of machinery used on the farms. It would also adversely affect those employed in plants manufacturing trucks and tractors and those employed by the producers of lubricating oil and gasoline used to operate the trucks and tractors. The farm bill would have an adverse effect on workers all over the Nation—those in processing plants, those employed in stores, those employed in banks, and those employed in wholesale and retail establishments. The bill would also have an adverse effect upon rural merchants and rural banks all over the Nation.

I wish the administration had recognized that fact. However, if the bill were to become law, the people on the farms would not take the brunt of the adverse effect of that legislation. The people in the cities would be the ones who would take its full force.

That bill has not yet become law. I believe the House of Representatives will probably begin to take it up in the next 2 or 3 weeks. The House of Representatives might reject the bill. If so, that action would help greatly to ward off a pending depression.

At any rate, I think it would be shortsighted of Congress to accept the inevitability of a depression and of the unemployment which would accompany it, and also the loss of investments and all the other evils which would accompany a depression.

Furthermore, if we have a depression, the $1,500 million which the President is requesting would not be a drop in the bucket in terms of the amount of money needed to combat it.

However, for less money we can go far toward preventing a depression and its attendant evils.

As I have indicated, I would be willing to vote in favor of appropriating almost any amount of money which could effectively be used to combat a depression, once it started, or to prevent one from occurring. But I cannot vote for a bill which would put the stamp of approval of Congress on a belief that we must have a depression. Therefore, on the question of the passage of the pending bill, I shall vote "nay."

Mr. CLARK. Mr. President, will the Senator in charge of the bill yield 3 minutes to me?

Mr. KERR. I yield 3 minutes to the Senator from Pennsylvania.

Mr. CLARK. Mr. President, the bill on which the Senate is about to vote—and I hope the Senate will pass the bill—was originally introduced in the Senate on March 8, 1962, by me, on behalf of myself, the Senator from Minnesota [Mr. McCarthy], the Senator from Rhode Island [Mr. Pell], and the Senator from West Virginia [Mr. Randolph]. This is the latest of a series of bills which resulted from the hearings held in 1959 by the Special Committee on Unemployment Problems, whose chairman was the Senator from Minnesota [Mr. McCarthy]. From that committee came a recommendation for a bill of this sort. I am very happy to note that what the Senator from Minnesota [Mr. McCarthy] recommended in 1959 will finally be passed by the Senate in 1962.

Mr. President, the bill before us authorizes two programs of public works—an immediate program, and a standby program. I wish to discuss each of these briefly, and I will begin with the standby program because this was the original proposal to which the immediate program was added as an amendment.

The idea of a standby public works program originated in the work of the Special Senate Committee on Unemployment Problems, which my colleagues will recall was created in September 1959, at a time when the country was pulling out of the third of the three economic recessions which had occurred since the end of World War II. This committee, which was headed by the distinguished junior Senator from Minnesota [Mr. McCarthy] and on which I had the privilege to serve, was instructed to inquire into all aspects of the unemployment problem—including cyclical, structural, and frictional unemployment, with particular attention to those areas of the Nation where the unemployment problem was most critical.

The committee's report, which was submitted to the Senate on March 23, 1960, was, I am sure, the most comprehensive analysis of the problem of unemployment ever undertaken by any committee of either House of the Congress. The report was based not only upon extensive hearings conducted in Washington and in 12 of the 50 States but upon a series of scholarly papers prepared for the committee by some of the Nation's leading experts on the nature, causes, and solutions of the unemployment problem.

In its consideration of cyclical unemployment the special committee reviewed the experience of the country during the recessions of 1949, 1954, and 1958. It was our conclusion that if the Government had adopted timely and effective fiscal measures, including emergency public works, it might have reversed those economic downturns at the outset—or at least shortened their duration and reduced their severity, thus lessening the hardship suffered by individual families and the economic loss sustained by the whole Nation. But we found that in each of the three recessions governmental action was relatively ineffective and the recessions were, for the most part, allowed to run their course. The Council of Economic Advisers tells us that the economic loss resulting from these three recessions and the one of 1960–61 amounts to $175 billion, or $1,000 for every man, woman, and child in the country.

Why was governmental action so ineffective? Because no policy and course of action had been agreed upon and no plans and preparations had been made, ahead of time, so that we could act promptly and decisively when the necessity was upon us.

The key to the effective action is that one word, "prompt." It has been our experience, that, when the economy begins to slide, the slide continues for 9 to 12 months before the bottom is reached and the recovery begins. If we are to stop the downward course, obviously we must act just as soon as it becomes clear that we are headed downward. If we spend 9 to 12 months watching and waiting, or debating what we should do, then the damage is done.

Yet that is exactly what has happened, in every case. Senators who were here in 1958 will recall the months of futile argument as to whether we were really in a recession, whether we should do anything at all and, if so, just what we should do. Eventually, was passed an emergency unemployment compensation act, expedited some Federal public works, and passed an emergency housing bill. But the total effort could be summed up in the old phrase, "too little and too late."

The Special Committee on Unemployment Problems concluded, therefore, that if effective counterrecession measures are going to be taken they must be decided in advance and incorporated in standby legislation which will take effect promptly and automatically at the critical moment when the economic downturn starts. The six majority members of the McCarthy committee accordingly cosponsored, in the 86th Congress, the first standby antirecession bill, the forerunner of the bill which is now before the Senate.

Since then, the Nation has gone through one more recession—the fourth since the end of World War II—and this experience has dramatically reinforced the conclusions of the special committee that legislation, if it is to be effective,

must be on the statute books in advance. The downturn began in June of 1960, a month before the Presidential nominating conventions. It was in August or September that the evidence that we were in a recession first became clear beyond doubt. That was the critical moment for counterrecessionary fiscal measures to be launched. But at that moment, as everyone knows, we were in the midst of a presidential campaign, the Congress was not even in session. Legislation of any kind was impossible. By the time the Congress had returned and the new administration was organized the recession had once more run its course. The damage was done and recovery was underway.

We cannot fulfill our responsibilities to deal with economic emergencies if we wait until those emergencies are upon us. As the President said in his message recommending standby legislation, the time to repair the roof is when the sun is shining.

This does not mean, as has been charged, that the Congress would delegate its legislative power to the President. In this bill the Congress authorizes a public works program and the necessary appropriations, through legislation, in the usual way. The appropriation will be sought, reviewed, and presumably granted, in the usual way. All that is held in abeyance is the date upon which the funds become available; and this date is determined, not by the President, but by an automatic formula based upon the trend in unemployment. The President, if he feels that other economic data do not bear out the evidence contained in the unemployment statistics, can say, "I will not spend the money." But that is the extent of his discretion.

Based upon our postwar experience that recessions occur each 3 or 4 years, it is not out of the question that the next downturn may begin some time in 1963. Let us hope it does not. Let us hope that we have seen our last recession and that the ancient problem of the business cycle has been solved. In that case, this standby legislation can never be invoked. No good will have been done by enacting it, nor any harm. But just in case economic history repeats—and we would be foolhardy to say that this is not at least a possibility—then let us, for once, be ready. Insofar as public works are to be used as a counter-recessionary measure, this bill would make us ready, by enabling us to launch such a program at the earliest possible moment after the downturn occurs. The standby authority would become available at any time after June 30, 1963, which is about when the funds under this bill for the immediate program of public works—which I will now discuss—will have been exhausted.

The immediate appropriation for public works expenditures was recommended by the President on March 26 as an amendment to the standby bill. In making this recommendation, he emphasized that the recovery from the 1960 recession is still far from complete. While the national unemployment rate, seasonally adjusted, has declined from its peak of 7.0 percent in May of 1961, it still stands at 5.5 percent, which is far too high. It has been stuck at approximately this level for the past 4 months.

Just as public works are an appropriate means of checking an economic downturn, so are they useful as a device to speed recovery from a downturn in areas where the recovery is sluggish.

As the President pointed out in his letter of March 26 to the distinguished chairman of the Committee on Public Works, the Senator from New Mexico [Mr. CHAVEZ], our present problem is not a general recession but rather the persistence of unemployment in many communities despite the national economic recovery.

The President said:

> Continued economic expansion for the Nation as a whole will in time help to restore the prosperity of many of these areas. But their needs are urgent now, and further help should not be delayed until another recession threatens the whole economy.
>
> This measure would—

He said—

> bring new public facilities, new jobs, and new hope to those communities whose economic troubles have resisted the rising tide of national expansion.

In the areas which would be defined as eligible for the immediate aid, unemployment is 40 percent higher than in the country as a whole. In major areas of Pennsylvania, as I have told the Senate on numerous previous occasions, unemployment persists at 10 to 20 percent of the labor force because new economic opportunities have not expanded rapidly enough to offset the disastrous decline of employment in our coal and textile industries.

The Congress has passed two measures which will be of great help to our areas of unemployment—the Area Redevelopment Act, enacted last year, and the Manpower Development and Training Act, which was signed this spring. But these are long-range measures.

Mr. President, the bill has been vastly improved in the course of its consideration in committee and on the floor; and I believe we can congratulate ourselves on a first-class bill which meets the requirements of the committee and the requirements of the administration.

The need now—as it was then—is for jobs in various areas of chronic or persistent unemployment.

I congratulate the Senator from West Virginia [Mr. RANDOLPH], who worked so hard and so successfully to bring the bill to the floor and get it passed. Without his assistance, I do not know what we could have done.

I wish to pay tribute also to the Senator from Oklahoma [Mr. KERR], whose vast skill and experience in connection with the handling of bills on the floor has made it possible to bring the bill to a successful conclusion.

The need is for jobs now, to tide our workers and their families over until, through our long-range programs, we can build the new industry that will provide permanent employment.

The bill we are considering today will provide those jobs. It will provide them through expediting useful and necessary public works which will in themselves make our lagging communities more attractive to new industry. This is not boondoggling, I emphasize. It is not WPA. These are streets, waterworks, sewage treatment plants, public buildings, and other facilities which are desperately needed, have long been needed, and contribute in full measure to the welfare and growth of our communities.

At the same time, the beneficial economic effects of the public works program will be felt throughout the whole economy. This bill will help to increase our national rate of economic growth and speed the day when we will achieve the "maximum employment, production, and purchasing power" which in the Employment Act of 1946 we pledged our country to attain.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays on passage of the bill.

The yeas and nays were ordered.

Mr. DIRKSEN. I yield 5 minutes to the Senator from Iowa [Mr. MILLER].

Mr. MILLER. Mr. President, this bill represents a confession of failure by this administration to cope with our serious unemployment problem.

Passage of the bill by the Senate would mean that a majority of the Members of the Senate are either committed to a policy of fiscal irresponsibility, to an unwillingness to match spending with revenue, or else they are unwilling to assert the independence of the legislative branch of the Federal Government of the pressure from the executive branch.

We have been told on the floor of this body today that the way to stimulate employment is to engage in the spending of millions of dollars for Federal public works projects—even at the cost of adding more billions to our national debt.

All of us would agree that there is room for a balanced Federal public works program in needed improvements. But I do not believe any of us should make room for increased, expanded, or accelerated public works spending if it means the dilution in the purchasing power of our money and the loss of confidence of our people in the Federal Government.

Early this year, the President of the United States promised the American people a balanced budget. He did so in the national interest, because it is in the national interest that the value of our money be preserved. This public works spending program was not included in his budget. Now he has come along and given us another urgent message asking Congress for this program; but nothing has been said about what should be cut out of his budget to make room for this. Promises of a balanced budget mean nothing. It is delivery that counts. Businessmen know this. Unless speeches are matched by deeds, confidence is lost. If we are to solve our unemployment problem, if we are to find sustained job opportunities for the millions of unemployed who are walking the streets looking for jobs and for the millions of the graduates from our high schools and colleges, it is to private business, and not to the Federal Government, that we must look for sustained job opportunities.

Continued deficit spending merely cuts down the purchasing power of our money. It causes workers to ask for increased wages because the purchasing power of their wages has been diluted. This in turn causes management to ask for increased prices to make up for the increase in the cost of doing business.

I ask unanimous consent to insert in the RECORD at this point in my remarks an article from today's Wall Street Journal entitled "Consumer Prices in April Rose to Another High."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONSUMER PRICES IN APRIL ROSE TO ANOTHER HIGH—FURTHER GAIN SEEN IN MAY; 3-MONTH INCREASE IN INDEX EQUALS RISE ALL LAST YEAR—PORTENT OF INFLATION DOUBTED

WASHINGTON.—Average consumer prices in April rose to another record, and Federal officials forecast a further increase for May.

The Labor Department's index of consumer prices rose 0.2 percentage point in April to 105.2 percent of the 1957–59 average; the April rise was the third month-to-month gain in a row. The 0.7 percentage point increase in the index since January equals the rise for all of last year, when the price gage went from 103.8 percent in January to 104.5 percent in December. The February and March figures also had been records.

Robert Myers, Deputy Commissioner of Labor Statistics, said he expects the May index to increase about 0.2 percentage point. However, he said, he did not think the increases in the index so far this year had any serious inflationary implications. "I think it's just an irregular jump in a period of long-time price stability," he said.

FORECAST STILL HOLDS

Mr. Myers said his earlier forecast that the price index for all 1962 would rise no more than 1.5 to 2 percent "still looks good."

"There is no likelihood that price increases over this year will exceed that," he added. "There is no pressing on capacity or supplies; there is no likelihood of shortages."

One factor helping to push up the April index, Federal officials believe, is the increase in the number of families buying second cars. Mr. Myers said he could provide no statistics to support this, but remarked that reports on consumer buying intentions show a growing number of persons planning to buy used cars as a second auto. The fact that used-car prices in April jumped sharply while new-car prices fell slightly also helps "lead us to this surmise," Mr. Myers added. Ordinarily, he said, the vigorous sales pace of new cars would seem to assure an adequate supply of used cars from trade-ins.

The price index for used autos rose to 113 percent in April, up 4.8 points from the previous month's index and up 12 points from the year-earlier level.

The strength of used-car prices helped push the transportation category of the index to 107.2 percent, an increase of 1.3 points from the previous month's index and the sharpest advance since October 1959. Prices of gasoline and the cost of public transportation in some cities also rose. These increases, coupled with more-than-seasonal increases in prices for fresh fruits and vegetables, and gains in the costs of movies and medical care, more than offset price declines for poultry, eggs, fresh milk, fuel oil, and house furnishings.

PAY RISES TO RESULT

The April rise in the price index means wage increases for some 1 million workers whose contracts with employers call for periodic adjustment of wages based on increases or declines in the Government's cost of living gage. Some 800,000 autoworkers employed by Chrysler Corp., General Motors Corp., Ford Motor Co., and International Harvester Co. will get 1-cent-an-hour increases. Some 20,000 workers in the aerospace industry also will get a penny-an-hour raise as a result of the April increase.

About 40,000 additional workers in the aerospace industry whose hourly pay is adjusted on the basis of quarterly changes in the index will get 2 cents an hour more. The same increase will be granted 60,000 workers in the farm implement industry.

The Labor Department also reported that the aftertax pay and purchasing power of factory workers rose in April. For a factory worker with three dependents, weekly earnings after deductions, social security, and Federal income taxes averaged $85.53 in April. For a factory worker with no dependents earnings averaged $77.86. Both figures were up more than 50 cents from the March total.

Mr. MILLER. Mr. President, passage of this bill means that we are not going to pay attention to the past. Back in the 1930's we tried this same system for putting people back to work. The record shows that in 1940 the number of unemployed amounted to 8,120,000, as against about 4 million today. The unemployment rate was 14.6 percent, as against about 5.5 percent today. That was the situation before World War II bailed us out of the unemployment situation. What did we do in an effort to cope with the unemployment problem of the 1930's? We spent almost $6½ billion for public works; we hired 560,000 more people on the Federal payroll; we added an annual deficit in every year, from $1 billion to $4 billion. The remedy did not work then. It will not work now.

No wonder the stock market is going down; and if the stock market continues to go down, we shall have more unemployment, not less. What private business needs is confidence based on fiscal integrity practiced by the Federal Government.

While I know that a certain amount of blame can be placed on the White House for the failure to match spending with the promises of a balanced budget, the real blame lies on the shoulders of a majority of Congress who fail to match spending with revenue.

I hope the bill will be defeated.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. LAUSCHE. The Senator made mention of some cuts in the recommendation that would be used as a substitute for the expenditures proposed. We could save $600 million by defeating the bill proposing to give $600 million to local governments operating public transportation systems. But that will not happen. The $600 million will be another expenditure that will add to the deficits and the mounting debt.

Mr. MILLER. I thank the Senator from Ohio. In response, I merely want to say that it seems to me the least we should expect from the White House is a statement of what items in the budget should be cut out to make room for these expenditures. I do not gainsay that this public works program might offer some temporary alleviation of the unemployment problem. If it is so important, why was it not put in the budget in the first place? If the White House did not know how important it was in January; and if it is important today, why has there not been a recommendation for something to be cut out of the budget to make room for this measure? To have a promise of a balanced budget in January and then a request for this spending, with no comparable cutback of other items, is meaningless. No wonder businessmen are discouraged.

Mr. President, I ask unanimous consent to have printed in the RECORD an excellent article by Henry Hazlitt, which was published in Newsweek for March 12, 1962, "Jobs by Inflation?"

There being no objection, the article was ordered to be printed in the RECORD, as follows:

JOBS BY INFLATION?

(By Henry Hazlitt)

The President has sent to Congress, accompanied by a letter urging its passage now, a predrafted "Standby Capital Improvements Act of 1962." The proposed law would give the President authority to spend $2 billion on expanded public works programs whenever Government unemployment figures signaled a slump. Projects would be designed to create jobs, inject Federal money quickly into the economy, draw State and local matching funds after it, and expand consumer purchasing power.

Congress is being asked, in effect, to transfer in advance part of its power of the purse to the President. The President's argument for having these standby spending powers is that, if a recession gave statistical signs of beginning, Congress would be incapable of acting soon enough. It is hard to see any force in this argument. In the event that statistics took the turn the President now contemplates, he could send an immediate emergency message to Congress on the day the discovery was made. If Congress were not in session, he could call a special session within a week. Congress could then act.

CONGRESS CAN BE QUICK

The President, therefore, must either think that Congress is incapable of acting promptly, or that it might not wish to do so. The historic record shows that the first assumption is not true. Congress has repeatedly declared war within a few hours after being asked to do so by a President. In the early weeks of the Roosevelt administration, in 1933, laws were often enacted within a day or two after they were proposed. On May 25, 1946, when President Truman asked Congress for authority to draft striking railroad workers into the Army, the House voted the same day to grant him the powers he had asked (an action fortunately later rescinded by the Senate).

If, however, the argument is that Congress may not wish to authorize the increased spending at the time when the trigger conditions envisaged by the proposed standby law occur, that is the best of all reasons why Congress should not enact a self-paralyzing law now. This is asking it to vote now not to trust its own future judgment, but to agree to be bound in advance to authorize an automatic response to a statistical barometer without knowing the full circumstances of a future situation.

If we turn from the political imprudence of the proposed law to its economic consequences, we find that it rests on all the old pump-priming fallacies—on the assumption that a net increase in jobs is always created by bigger deficits, achieved either by more spending or by cutting taxes—on the assumption, in other words, that more jobs can

always be created by injecting more money into the economy—in plainer words, that the total number of jobs can always be increased by more inflation.

KEYNESIAN FALLACY

This is the fallacy on which governments all over the world have been operating for the last generation, and especially since Lord Keynes built up an elaborate rationale for it in 1936. Those who believe in it forget that heavy unemployment has frequently occurred in the very midst of a major inflation. That increased deficit spending will bring on more inflation is practically certain; but whether it creates more jobs will depend on whether or not prices rise faster than wage rates and increase profit margins. The administration remains persistently blind to the effect of excessive wage rates in causing the unemployment of which it complains. Such wage rates, instead of being allowed to correct themselves, would under the proposed law be subsidized with Federal funds.

The only direct employment provided by the President's automatic pump-priming plan would be in the construction industry. But construction workers might be those in least need of subsidy. Today they earn an average of $3.24 an hour, compared with an average of $2.36 in all manufacturing and $1.71 in retail trade.

Finally, the projects on which the $2 billion would be spent would be projects dreamed up just to spend the money. For the inference is that if the unemployment thermostat did not hit the trigger levels, we could get along without the projects.

Mr. DIRKSEN. Mr. President, I yield myself a few minutes.

I suppose every Member of the Senate takes account of the figures released by the Economic Advisers relating to the gross national product. The last figure I saw was certainly the top in gross national product. Frankly, I do not understand the drift in the country in the face of the gross national product index. Certainly, the Congress has not been wanting in giving the administration virtually every assistance to keep the country going ahead.

It will be remembered that at the end of the session last year, a little conference took place in Georgetown. Theodore Sorenson, of the White House staff, went to talk with a selected group of newspapermen. It became an open secret, and it was at that meeting that they distributed this document. I do not know. I have a rather dismal attribute of holding onto things, and then suddenly they pop up. Of course, it is an excellent document for a partisan discourse. I always hope that the partisan acids in my soul have become a little sweetened, that the bile is a little thinner, and that my sense of charity is a little more expansive; but then I come to reality, and I see this document, as if it fairly crept into my hands.

On page 2 of title 2 it is stated: "This session's major accomplishments—A. To combat the recession."

These are not my words. This document was compiled at the White House.

Under the item to combat the recession was listed, "Temporary unemployment compensation extension." Then comes the boast, "Passed 63 days after taking office."

"Aid to dependent children of unemployed." "Area redevelopment."

We remember that. It was to create jobs. It is said, "Most comprehensive bill ever offered, and the first to pass." That is not my boast. That is the administration boast.

"Social security amendments," it is said "included first reduction in male retirement age (62)."

That is what was advanced to combat the recession.

I learned long ago that when one takes credit for the rain, one must take the blame for the drought, also.

We next go to the lush title, under B, "To Get This Country Moving Again."

Senators have heard that before, I am sure. What is listed?

First is "Housing." What is said? This is not the language of the minority leader. I did not put this on the paper. It is said: "The most most comprehensive housing program is congressional history."

I thought that when Congress authorized the most comprehensive program in history, it would add up to some jobs.

"Major expansion of urban renewal, public housing, housing for elderly, college housing."

I thought that would add up to jobs, to "growthmanship," and to the forward push. I am almost inclined to believe that after all this they have gone in for "shrinkmanship" instead of "growthmanship."

"First major middle-income housing, low interest, 35-year loans."

Senators will remember that when we started, the program was nothing down and 40 years to pay, until we modified the proposal.

"First private low-income housing—3 percent down payment—first aid to local mass transit." Does that mean jobs or not?

"First protection of open spaces in urban areas." That was the $100 million item. I got it cut in two, I think, with an amendment. I forget how much was finally salvaged. My efforts were not entirely successful.

But one must have building materials to do this—stone, cement, masonry, lumber, and all the rest. The material must be brought from its source. It must be articulated, in the form dwellings and buildings.

Who will say that we were wanting in providing all that was necessary to build up the "growthmanship"?

Then there was "water pollution control—5-year doubling of program to benefit 5,000 communities." That is a large number of communities.

"Minimum wages."

"Space—authorized effort for moon trip and beyond."

The mean average distance of the moon from the earth is 238,857 miles. That is not enough for the New Fontier. They would go beyond the moon. I do not know how many jobs there are in that program, but certainly we have spent a great deal of money on space.

"Community health facilities—nursing homes for aged, hospital rehabilitation, community services for the aged."

All of that ought to spell itself out in terms of jobs.

"Agriculture."

I ask my friend from Vermont to listen to Mr. Sorenson's language. He wrote:

The best farm income year since Korea.

One would think there was prosperity out on the plains, where people till the soil.

"Emergency feed grain program—reduction in acreage 3 times larger than best prior year."

Everything is big. Everything is gargantuan. Everything is gigantic. Everything is colossal. This is the space age. Should it not be so?

"Omnibus farm bill."

I ask Senators to listen to the language of Mr. Sorenson:

Most comprehensive since 1938.

That is 24 years ago, and that is pretty comprehensive.

"Expanded use of marketing orders"; "first wheat and feed grain programs"; "school milk"; food for peace increased"; "savings to taxpayers estimated at $800 million."

Consider what they had with which to build homes. Look what they had to spend for consumer goods.

Then there was "Cape Cod National Park," the "first major addition to the national park system."

In the field of defense there were missiles, aircraft, and vessels; a doubling of the Polaris program, an increase of Minuteman and other missiles, an increase of bomber alert, and a strengthening of conventional and guerrilla warfare capacity. It is said "appropriations added $6 billion, or 14 percent to Eisenhower budget."

Why is it that 14 months after the New Frontier came into power, with all that authority, and other authority still requested, and a $92½ billion expenditure budget, which will be infinitely larger before the Congress concludes its session—we have stood still? Do Senators deny that we have stood still? Why is this anticipatory bill before us this afternoon, for $1.5 billion? As was pointed out, the $750 million cannot come into play until after July 1, 1963. That will be more than a year hence.

Are they anticipating, as our distinguished friend from Vermont said, some recession? Are they anticipating difficulties? Are they anticipating that the revenues will not be all they had hoped for? I do not know.

Mr. President, I do not like to approach the future with a sense of defeatism in my soul. I merely point out, from Mr. Sorenson's own outline of accomplishments—which we have to take in stride and to rebut if we can—that they should have done infinitely better.

Obviously I am willing to let the conditions—the gross national product, the unemployment quotient, and everything else—finally speak for themselves, because they will do so no matter what feeble words I may utter for or against the measure before the Senate.

For myself, I cannot vote for the proposal which is before the Senate. I can only hope, when we talk about little projects, that perhaps some of them will be durable.

An editorial was published in the Washington Post and Times Herald some time ago. I think I have it in my papers, if I can lay my hands on it. That is another one of those saving habits which stays with a person.

The title was "WPA All Over Again." That was the writer's first estimate of the program to spend $25 million this fiscal year, $350 million the following fiscal year, and $225 million the next fiscal year. In the 38 areas which were to be touched, it figured out about $8.68 per head. That will not be much of an impact upon the forward push and the forward thrust of the country.

I earnestly hope—for the country, for the Congress, and for the President—that we shall not go down that agonizing pathway again. I remember only too well the CWA, and the glorified leaf-raking program. I remember only too well the WPA, and the expenditures under the very skillful direction of Mr. Hopkins. But where is that program? What was durable about it? I would like to know.

Oh, what a disservice we shall render to the country if we go down that drain again and have nothing to show for it.

I fairly insulted a Member of the House years ago when we were discussing all this. I had clipped a little item from the Reader's Digest.

In turn the Reader's Digest had obtained the article from a country newspaper in a little town in Colorado. There was a repetition of a headline that appeared in a high school paper. The senior class was entitled to publish the last edition of that paper. Some imaginative young soul had composed for the headline that day, "WPA, Here We Come." I hope not. So, Mr. President, I cannot vote for the bill.

Mr. KERR. Mr. President, I yield 3 minutes to the distinguished majority leader, the Senator from Montana.

Mr. MANSFIELD. Mr. President, today we heard the President blamed for the decline in the stock market. We heard allegations made that he is seeking a great deal of personal power, far more than any other President has ever sought. We heard our distinguished friend, the minority leader, look back to the WPA of the 1930's and look forward scornfully to the moon and beyond.

I think we ought to remember that the roll of accomplishments called by the distinguished minority leader is a true and accurate list of the accomplishments of the present administration in its year and 4 months in office. I point out that in the adoption of those measures the Senator will find that there were many, many Republican votes; and that on occasion it was Republican votes which helped to pass legislation proposed by a Democratic President of the United States; and I commend those Republicans who have assisted us in those endeavors.

Pretty soon we shall vote on the public works bill. I think that despite the few flurries we have had here today, the Senate is to be commended for its perserverance, and most especially the members of the Committee on Public Works under the able chairmanship of the distinguished Senator from New Mexico [Mr. CHAVEZ].

The author of the bill, the Senator from Pennsylvania [Mr. CLARK], who was joined by the Senator from West Virginia [Mr. RANDOLPH] and others, performed a great service in deciding that the bill should be referred to the Committee on Public Works. I am delighted also that the distinguished minority leader was able to bring together the manager of the bill, the distinguished Senator from Oklahoma [Mr. KERR], the ranking minority member, the Senator from South Dakota [Mr. CASE], and the Senator from Hawaii [Mr. FONG], the Senator from Kentucky [Mr. COOPER], the Senator from Vermont [Mr. PROUTY], and others in his office so that ways and means of considering the proposal, and alternatives to it, could be thought out and considered.

I believe that there has been a great accommodation between the proposals advanced by the Republicans on the committee, on the one hand, and the Democrats on the other.

The bill is a good one because it marks an accommodation on the part of Senators who look at the proposal from divergent views.

The bill is not in the form in which it was originally introduced. It is the handiwork of the Senate as a whole, and most especially the members of the Committee on Public Works, both Democrat and Republican. The Senator from Oklahoma has shown his usual superb generalship in managing the bill today.

No one knows what the result will be until the votes are counted. But I think that the Senate has performed a great service in defining some basic issues.

We put in a fairly long period of work today. We have arrived at what I consider to be a reasonably good accommodation. I expressed the hope that the labors of the Committee on Public Works especially would be rewarded and that the bill would reach passage this evening. It is a progressive and important measure, and can go far, I believe, toward providing employment for many Americans, toward reviving the economies of distressed areas, and therefore toward bolstering the confidence of the people in the vitality of our system.

Mr. KERR. Mr. President, I yield myself 2 minutes.

I thank every Member of the Senate who has contributed to bringing the bill to its present stage. I know no one more delightful or charming than the distinguished minority leader. I wish he were a member of the Committee on Public Works. I believe if he were, he would join the group of his colleagues on that committee who, through the years, have worked so effectively and constructively with the Democratic members in maintaining a very fine record of bipartisan effort.

There has been more division on the bill than on all of the bills reported out of the Public Works Committee since I have been a member of the committee.

But if men will look carefully they will find that in reality there was a great deal of resemblance between the substitutes offered by the minority Members and the bill as it is now before the Senate, the major difference being the triggering of an additional authorization in the fiscal year beginning July 1, 1963.

I thank my distinguished colleagues on both sides of the aisle for the contributions they have made. I hope that now that we have reached this point, we might agree that this piece of proposed legislation could become the result of a bipartisan vote in the Senate, as has been the case on every bill handled by the Committee on Public Works since the Senator from Oklahoma has been connected with the committee.

Mr. DIRKSEN. Mr. President, I yield myself 1 minute. I concur in everything that the distinguished Senator from Oklahoma said. I pay him the compliment of being a great and assiduous leader of that committee. I know the harmony that has prevailed. At the same time I pay tribute to every minority member of that committee. Never have I seen them work in concert so well and isolate and identify issues that should have been presented to the country. So I share the sentiment uttered by the distinguished Senator from Oklahoma.

The PRESIDING OFFICER. Do both sides yield back the remaining time?

Mr. DIRKSEN. Mr. President, I yield back the remainder of my time.

Mr. KERR. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The bill having been read the third time, the question is, shall it pass? The yeas and nays have been ordered, and the clerk will call the roll.

LEGISLATIVE PROGRAM FOR TOMORROW

Mr. DIRKSEN. Mr. President, I should like to ask the majority leader if he will announce the program for tomorrow, because I believe most Senators will leave after the vote on the bill.

Mr. MANSFIELD. Mr. President, in response to the question raised by my friend, the distinguished Senator from Illinois, I ask unanimous consent that tomorrow, at the conclusion of the routine morning business, the Senate proceed to the call of the measures on the calendar to which there is no objection, beginning with Calendar No. 1452.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. It is the intention of the leadership, after consultation with the distinguished minority leader, to adjourn tonight until tomorrow to consider items on the calendar to which there is no objection. There will be no votes tomorrow. It is then the intention to go over until Friday, at which time there will be a pro forma session, with no votes.

In the meantime I shall discuss with the distinguished minority leader whether we should return for business either on Monday, a week from today, or on Tuesday, a week from tomorrow.

Mr. DIRKSEN. I thank the Senator.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS

The Senate resumed the consideration of the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

The PRESIDING OFFICER. The question is on the passage of the bill.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BEALL (when his name was called). On this vote I have a pair with the senior Senator from Oregon [Mr. MORSE]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Washington [Mr. MAGNUSON], the Senator from Oregon [Mr. MORSE], the Senator from Alabama [Mr. SPARKMAN], the Senator from Mississippi [Mr. STENNIS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Georgia [Mr. TALMADGE], are absent on official business.

I further announce that the Senator from Colorado [Mr. CARROLL], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG], are necessarily absent.

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Massachusetts [Mr. SALTONSTALL].

If present and voting, the Senator from Alaska would vote "yea" and the Senator from Massachusetts would vote "nay."

On this vote, the Senator from Missouri [Mr. LONG] is paired with the Senator from Kansas [Mr. CARLSON]. If present and voting, the Senator from Missouri would vote "yea" and the Senator from Kansas would vote "nay."

On this vote, the Senator from Missouri [Mr. SYMINGTON] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from Missouri would vote "yea" and the Senator from Colorado would vote "nay."

On this vote, the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Alaska [Mr. BARTLETT]. If present and voting, the Senator from Mississippi would vote "nay" and the Senator from Alaska would vote "yea."

I further announce that, if present and voting, the Senator from Idaho [Mr. CHURCH], and the Senator from Washington [Mr. MAGNUSON], would each vote "yea."

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from Colorado [Mr. CARROLL]. If present and voting, the Senator from Louisiana would vote "nay" and the Senator from Colorado would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from California [Mr. KUCHEL] and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

On this vote, the Senator from California [Mr. KUCHEL] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from California would vote "yea" and the Senator from Indiana would vote "nea."

On this vote, the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from Missouri [Mr. SYMINGTON]. If present and voting, the Senator from Colorado would vote "nay" and the Senator from Missouri would vote "yea."

On this vote, the Senator from Kansas [Mr. CARLSON] is paired with the Senator from Missouri [Mr. LONG]. If present and voting, the Senator from Kansas would vote "nay" and the Senator from Missouri would vote "yea."

On this vote, the Senator from Massachusetts [Mr. SALTONSTALL] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from Massachusetts would vote "nay" and the Senator from Alaska would vote "yea."

The result was announced—yeas 44, nays 32, as follows:

[No. 76 Leg.]

YEAS—44

Anderson	Hartke	Monroney
Bible	Hayden	Morton
Burdick	Humphrey	Moss
Byrd, W. Va.	Jackson	Muskie
Cannon	Javits	Neuberger
Case, N.J.	Johnston	Pastore
Chavez	Kefauver	Pell
Clark	Kerr	Randolph
Cooper	Long, Hawaii	Russell
Dodd	Long, La.	Smathers
Douglas	Mansfield	Smith, Mass.
Engle	McCarthy	Williams, N.J.
Fong	McGee	Yarborough
Gore	McNamara	Young, Ohio
Hart	Metcalf	

NAYS—32

Aiken	Hickenlooper	Prouty
Bennett	Holland	Proxmire
Boggs	Hruska	Robertson
Bush	Jordan	Scott
Byrd, Va.	Keating	Smith, Maine
Case, S. Dak.	Lausche	Thurmond
Cotton	McClellan	Tower
Curtis	Miller	Wiley
Dirksen	Mundt	Williams, Del.
Dworshak	Murphy	Young, N. Dak.
Goldwater	Pearson	

NOT VOTING—24

Allott	Eastland	Long, Mo.
Bartlett	Ellender	Magnuson
Beall	Ervin	Morse
Butler	Fulbright	Saltonstall
Capehart	Gruening	Sparkman
Carlson	Hickey	Stennis
Carroll	Hill	Symington
Church	Kuchel	Talmadge

So the bill (S. 2965) was passed, as follows:

Mr. KERR. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. RANDOLPH. Mr. President, I move to lay that motion on the table.

The motion to table was agreed to.

Mr. KERR. Mr. President, I again wish to express my deep appreciation to everyone who participated in the passage of the bill. I wish especially to pay tribute to the distinguished senior Senator from New Mexico [Mr. CHAVEZ], the chairman of the committee, who, in spite of the fact that he was ill, participated in the hearings, during the deliberations on the bill, and in the voting on the bill today. He made a great contribution to our deliberations, as he has also done in setting the splendid record of our committee through the years. I wish to pay tribute to him and to each member of the committee whose contribution was so valuable and so effective in reporting the bill to the Senate and in its passage today.

I ask unanimous consent that the bill be printed as passed.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 11038) making supplemental appropriations for the fiscal year ending June 30, 1962, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses theron, and that Mr. THOMAS, Mr. KIRWAN, Mr. CANNON, Mr. JENSEN, and Mr. TABER were appointed managers on the part of the House at the conference.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Acting President pro tempore:

S. 2132. An act to approve the revised June 1957 reclassification of land of the Fort Shaw division of the Sun River project, Montana, and to authorize the modification of the repayment contract with Fort Shaw Irrigation District;

H.R. 1348. An act for the relief of William Burnice Joyner; and

S.J. Res. 151. Joint resolution permitting the Secretary of the Interior to continue to deliver water to lands in the third division, Riverton Federal reclamation project, Wyoming.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT ON CERTAIN CONSTRUCTION AT U.S. AIR FORCE PLANT NO. 74, WEST PALM BEACH, FLA.

A letter from the Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting, pursuant to law, on the construction of additional hydrogen, oxygen, and nitrogen storage dewars at U.S. Air Force Plant No. 74, West Palm Beach, Fla.; to the Committee on Aeronautical and Space Sciences.

AMENDMENT OF ACT RELATING TO MUTUAL-AID PLAN FOR FIRE PROTECTION BY AND FOR THE DISTRICT OF COLUMBIA AND CERTAIN ADJACENT COMMUNITIES

A letter from the President, Board of Commissioners, District of Columbia, transmit-

ting a draft of proposed legislation to amend the act entitled "An act to provide for a mutual-aid plan for fire protection by and for the District of Columbia and certain adjacent communities in Maryland and Virginia, and for other purposes (with an accompanying paper); to the Committee on the District of Columbia.

REPORT ON REVIEW OF PROCUREMENT OF BW-1 TERRIER MISSILES BY DEPARTMENT OF THE NAVY

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a secret report on the review of the procurement of BW-1 Terrier missiles by the Department of the Navy (with an accompanying report); to the Committee on Government Operations.

REPORT ON REVIEW OF REPAIR PARTS SUPPLY FOR ORDNANCE TANK-AUTOMOTIVE VEHICLES OF THE 8TH U.S. ARMY, KOREA

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a secret report on the review of repair parts supply for Ordnance tank-automotive vehicles of the 8th U.S. Army, Korea (with an accompanying report); to the Committee on Government Operations.

REPORT ON REVIEW OF MAINTENANCE AND SUPPLY SUPPORT OF ARMY EQUIPMENT FURNISHED UNDER MILITARY ASSISTANCE PROGRAM FOR TAIWAN

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a secret report on the review of the maintenance and supply support of army equipment furnished under the military assistance program for Taiwan (with an accompanying report); to the Committee on Government Operations.

AMENDMENT OF SECTION 249 OF IMMIGRATION AND NATIONALITY ACT

A letter from the Attorney General, transmitting a draft of proposed legislation to amend section 249 of the Immigration and Nationality Act (with an accompanying paper); to the Committee on the Judiciary.

DEFINITION OF TERM "CHILD" FOR CERTAIN PURPOSES UNDER CIVIL SERVICE RETIREMENT ACT

A letter from the Chairman, U.S. Civil Service Commission, transmitting a draft of proposed legislation to define the term "child" for lump-sum payment purposes under the Civil Service Retirement Act (with an accompanying paper); to the Committee on Post Office and Civil Service.

FUNDS FOR COMPLETION OF INTER-AMERICAN HIGHWAY

A letter from the Under Secretary of Commerce, transmitting a draft of proposed legislation to authorize the appropriation of adequate funds to provide for the completion of the construction of the Inter-American Highway, and for other purposes (with an accompanying paper); to the Committee on Public Works.

PETITIONS AND MEMORIALS

Petitions, and so forth, were laid before the Senate, or presented, and referred as indicated:

By the ACTING PRESIDENT pro tempore:

A resolution adopted by a convention of Democrats of DeWitt County, Tex., in opposition to any plan to reduce the size of the National Guard; to the Committee on Armed Services.

A resolution adopted by the Commissioners' Court of DeWitt County, Tex., protesting against the plans of the Department of Defense to reduce the size of the National Guard; to the Committee on Armed Services.

A resolution adopted by the Commissioners' Court of Bexar County, Tex., favoring an investigation and hearing on the removal and transfer of the Air Radar Traffic Control Center from San Antonio to Houston, Tex.; to the Committee on Commerce.

A resolution adopted by the American Academy of Orthopaedic Surgeons, Chicago, Ill., protesting against the enactment of House bill 4222, to provide medical care for the aged under the social security system; to the Committee on Finance.

A resolution adopted by the City Council of the City of Norwalk, Calif., protesting against any amendment to the Constitution of the United States to provide a Federal income tax on income derived from public bonds; to the Committee on the Judiciary.

A telegram in the nature of a petition from the Department of Oregon Woman's Relief Corps Auxiliary of the Grand Army of the Republic, of Portland, Oreg., signed by Isabell M. Beals, president, and Jeanette R. Greco, secretary, favoring the enactment of Senate bill 2250, to incorporate the National Woman's Relief Corps; ordered to lie on the table.

A resolution adopted at a convention of Democrats of DeWitt County, Tex., commending the President, Vice President, Senator YARBOROUGH, and Representative YOUNG in their efforts in causing America to move forward; ordered to lie on the table.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. MANSFIELD (for Mr. FULBRIGHT), from the Committee on Foreign Relations, with amendments:

S. 2996. A bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes (Rept. No. 1535).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. BIBLE, from the Committee on the District of Columbia:

Frank Hammett Myers, of the District of Columbia, to be judge of the municipal court of appeals for the District of Columbia;

John J. Malloy, of the District of Columbia, to be judge of the municipal court for the District of Columbia;

Thomas D. Quinn, of the District of Columbia, to be judge of the municipal court of appeals for the District of Columbia;

Joseph C. Waddy, of the District of Columbia, to be associate judge of the municipal court for the District of Columbia, domestic relations branch;

John L. Newbold, of the District of Columbia, to be a member of the District of Columbia Redevelopment Land Agency;

John Joseph Gunther, of the District of Columbia, to be a member of the District of Columbia Redevelopment Land Agency; and

Edwin T. Holland, of Virginia, to be a member of the Advisory Board of the National Capital Transportation Agency.

By Mr. RUSSELL, from the Committee on Armed Services:

John H. Fagan, of the graduating class of 1962, U.S. Military Academy, for appointment in the Regular Army of the United States, in the grade of second lieutenant;

Thomas S. Althouse, and sundry other midshipmen (Naval Academy) to be permanent ensigns in the line of the Navy;

Ronald L. Daley (Naval Reserve Officers' Training Corps candidate) to be a permanent ensign in the line of the Navy;

Raymond L. Belanger, and sundry other graduates from Navy enlisted scientific education program, to be permanent ensigns in the line of the Navy;

Walter M. Carl, and Robert M. Jones, graduates from Navy enlisted scientific education program, to be permanent lieutenants (junior grade) in the line of the Navy;

Franklin M. Barber, and sundry other Naval Reserve officers, to be permanent lieutenants (junior grade) and temporary lieutenants in the Dental Corps of the Navy;

Alfred R. Bergstrom, Jr., and sundry other officers of the Marine Corps, for temporary promotion to the grade of first lieutenant; and

James M. Acklin III, and sundry other cadets, graduating class of 1962, U.S. Military Academy, for appointment in the Regular Army of the United States.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMATHERS:

S. 3351. A bill conferring jurisdiction upon the U.S. Court of Claims to hear, determine and render judgment upon the claim of John J. Bailey of Orlando, Fla.; to the Committee on the Judiciary.

By Mr. WILLIAMS of Delaware:

S. 3352. A bill to amend the Act of August 24, 1935, in order to provide that payment of Federal taxes withheld from wages of employees be secured by performance bonds required by such act; to the Committee on Finance.

By Mr. SMATHERS:

S. 3353. A bill to authorize the Secretary of the Navy to enroll Carl Henrik Brodin in the Naval Reserve Officers' Training Corps; to the Committee on Armed Services.

By Mr. KEFAUVER:

S. 3354. A bill for the relief of the National Police Gazette Corp.; to the Committee on the Judiciary.

By Mr. SCOTT:

S. 3355. A bill to prevent the use of stopwatches, work measurement programs or other performance standards operations as measuring devices in the postal service; to the Committee on Post Office and Civil Service.

(See the remarks of Mr. SCOTT when he introduced the above bill, which appear under a separate heading.)

By Mr. HAYDEN (by request):

S. 3356. A bill to provide for the maintenance and repair of Government improvements under concession contracts entered into pursuant to the act of August 25, 1916 (39 Stat. 535), as amended, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ROBERTSON (by request):

S. 3357. A bill to amend section 3552 of the Revised Statutes, as amended, to provide that the proceeds from the distribution and sale of uncirculated coins shall be reimbursed to the appropriation from which the expenses of manufacture and distribution were paid; to the Committee on Banking and Currency.

By Mr. BIBLE (by request):

S. 3358. A bill to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the Inter-American Development Bank; and

S. 3359. A bill to authorize the Commissioners of the District of Columbia to lease certain public space under and in the vicinity of Tenth Street, Southwest, for public parking; to the Committee on the District of Columbia.

By Mr. ANDERSON (for himself and Mr. SALTONSTALL):

S.J. Res. 192. Joint resolution providing for the filling of a vacancy in the Board of Regents of the Smithsonian Institution, of

87TH CONGRESS
2D SESSION

S. 2965

IN THE SENATE OF THE UNITED STATES

MAY 28 (legislative day, MAY 25), 1962

Ordered to be printed as passed

AN ACT

To provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Standby Public Works Act of 1962".

FINDINGS AND PURPOSE

SEC. 2. The continuing policy and responsibility of the Federal Government is to use all practicable means, consistent with other essential considerations of national policy, to promote maximum employment, production, and purchasing power. The Congress finds that there have been periodic intervals when severe unemployment and loss of production

1 and purchasing power have occurred and that repetition of
2 these periods of severe unemployment and loss of production
3 and purchasing power can be avoided, or their impact less-
4 ened, by prompt remedial action by the Federal Govern-
5 ment as authorized in this Act. The Congress also finds that
6 virtually every community in the Nation has a backlog of
7 needed public works projects, and that an acceleration of
8 these projects will not only increase employment and expend-
9 itures at a time when such action is most urgently required,
10 but will also meet longstanding public needs, improve com-
11 munity services, and enhance the health and welfare of the
12 citizens of the Nation.

13 It is the purpose of this Act to provide standby authority
14 which will enable the President to take quick and effective
15 action to stimulate the economy by inaugurating a program
16 of needed public works when unemployment indicators and
17 other economic data clearly reveal that extraordinary action
18 is needed to assure achievement of the objectives stated
19 above, and to provide the President in such period with
20 authority (1) to immediately increase expenditures for
21 direct Federal programs of public works previously author-
22 ized by law, and (2) to furnish an incentive to State and
23 local governmental bodies to accelerate their public works
24 programs through the initiation of projects which can be

1 begun promptly and completed over a reasonably short
2 period of time. It is the further intent and purpose of the
3 Congress that departments and agencies of the Federal Gov-
4 ernment shall make advance plans for public works projects
5 that will enable them to act promptly when the President
6 initiates the program authorized by this Act, and that the
7 Federal Government shall assist and encourage the States
8 and local governmental bodies, under the provisions of exist-
9 ing law, to make advance plans for public works projects.
10 In addition, the Congress finds that (A) certain com-
11 munities and areas of the Nation are presently burdened by
12 substantial unemployment and underemployment and have
13 failed to share fully in the economic gains of the recovery from
14 the recession of 1960–1961 and (B) action by the Federal
15 Government is necessary, both to provide immediate useful
16 work for the unemployed and underemployed in these com-
17 munities and to help these communities, through improve-
18 ment of their facilities, to become better places in which to
19 live and work. It is the intent and purpose of the Congress
20 to provide for an immediate program of assistance for capital
21 improvements in those areas.

22 STANDBY PUBLIC WORKS ACCELERATION AUTHORITY

23 SEC. 3. The President is authorized after June 30, 1963,
24 to proclaim a public works acceleration period and exercise

1 during such period the powers conferred upon him by this
2 Act. Such public works acceleration period may be pro-
3 claimed—

4 (1) within sixty days after the date when data
5 compiled and published by the Department of Labor re-
6 veal that the national unemployment rate adjusted for
7 seasonal variations and stated to the nearest one-tenth
8 of a percent of the civilian labor force has risen by 1.0
9 percentage point over a period of nine months or less,
10 but not less than three months;

11 (2) if on such date, according to such data, the total
12 number of unemployed amounts to at least 5 per centum
13 of the total number in the civilian labor force, with ad-
14 justments for seasonal variations; and

15 (3) after the President has determined that exist-
16 ing employment and unemployment indicators and other
17 available economic data clearly reveal that extraordinary
18 action is needed to assure achievement of the objectives
19 of this Act.

20 Such public works acceleration period shall begin on the
21 day specified in the President's proclamation hereunder and
22 shall terminate whenever the President finds and declares
23 that the need for the program authorized in this Act no
24 longer exists. Such public works acceleration period pro-
25 claimed by the President shall automatically terminate

1 twenty-seven months after initiated unless terminated earlier
2 as provided in the preceding sentence. No funds provided
3 under section 10 shall be obligated after termination of such
4 public works acceleration period.

5 ACCELERATION OF FEDERAL PROJECTS

6 SEC. 4. In addition to the authority otherwise avail-
7 able to him, the President, during the existence of the public
8 works acceleration period, may for the purpose of this Act,
9 direct the departments and agencies of the executive branch,
10 under such rules and regulations as he may prescribe, to
11 accelerate existing Federal public works projects and pro-
12 grams or to initiate new projects and programs already
13 authorized by law. Any such department or agency may
14 use for such projects and programs funds made available
15 pursuant to section 10 of this Act, in amounts prescribed
16 from time to time by the President.

17 ACCELERATION OF EXISTING FEDERAL GRANT PROGRAMS

18 SEC. 5. During the existence of the public works ac-
19 celeration period, the President may direct the departments
20 and agencies of the executive branch to make grants, upon
21 application and under such rules and regulations as they may
22 prescribe, to finance the initiation or acceleration of public
23 works projects and programs for which Federal grants are
24 authorized by the Congress and under the terms and con-
25 ditions prescribed by the Congress: *Provided*, That no grant

1 under this section shall be subject to any limitation in other
2 laws with respect to the apportionment of funds, the time in
3 which grants may be made, or the aggregate dollar amounts
4 of grants for any prescribed purpose, project, or program:
5 *And provided further*, That notwithstanding any limitation
6 in other laws requiring a grant to be less than 50 per centum
7 of the cost of undertaking or completing a project or program,
8 in the case of any project or program of a State or local
9 public body which qualifies under standards established by
10 the President to apply uniformly to all similar areas, grants
11 may be made to such State or local public body under the
12 authority of this section which bring the total of Federal
13 grants available for such project or program up to 50 per
14 centum of the cost of undertaking or completing such project
15 or program. For the purpose of this section the term
16 "grant" shall be deemed to include a loan under part H of
17 title VI of the Public Health Service Act. Any department
18 or agency may use for projects and programs authorized
19 under this section funds made available pursuant to section 10
20 of this Act, in amounts prescribed from time to time by the
21 President.

22 GRANTS FOR PUBLIC WORKS PROJECTS NOT ELIGIBLE
23 UNDER EXISTING PROGRAMS

24 SEC. 6. (a) During the existence of the public works
25 acceleration period, the Housing and Home Finance Admin-

1 istrator, or such agency or officer of the Federal Government
2 as he may designate, is authorized, upon application and
3 under such rules and regulations as he shall prescribe, to
4 make grants to States, municipalities, and local public bodies
5 to finance the initiation or acceleration of public works proj-
6 ects and programs which are not eligible for grants under
7 other Acts of Congress.

8 (b) The Administrator may use for grants authorized
9 under this section funds made available pursuant to section
10 10 of this Act, in amounts prescribed from time to time by
11 the President.

12 (c) The amount of any grant made under the authority
13 of this section shall not exceed 50 per centum of the cost of
14 undertaking and completing the project or programs for
15 which the grant is made.

16 FEDERAL LOANS

17 SEC. 7. (a) During the existence of the public works
18 acceleration period, the Housing and Home Finance Ad-
19 ministrator, or such agency or officer of the Federal Gov-
20 ernment as he may designate, is authorized, upon applica-
21 tion and under such rules and regulations as he shall pre-
22 scribe, to purchase the securities and obligations of, or make
23 loans to, States, municipalities, local public bodies, and any
24 private or public nonprofit organization or association repre-
25 senting any redevelopment area, as defined in the Area Re-

1 development Act, which otherwise would be unable to meet
2 their share of the cost of projects and programs for which
3 grants have been authorized pursuant to sections 5 and 6 of
4 this Act.

5 (b) All securities and obligations purchased and all
6 loans made under this section shall be of such sound value
7 or so secured as reasonably to assure retirement or repay-
8 ment, and such loans may be made either directly or in
9 cooperation with banks or other financial institutions through
10 agreements to participate or by the purchase of participa-
11 tions or otherwise.

12 (c) No securities or obligations shall be purchased and
13 no loans shall be made including renewals or extensions
14 thereof which have maturity dates in excess of forty years.

15 (d) Financial assistance extended under this section
16 shall bear interest at a rate determined by the Administrator
17 which shall be not more than the higher of (A) 3 per centum
18 per annum, or (B) the total of one-half of 1 per centum per
19 annum added to the rate of interest required to be paid on
20 funds obtained for the purposes of this section as determined
21 by the Secretary of the Treasury as provided under subsec-
22 tion (e) of this section.

23 (e) The Administrator may use for loans authorized
24 under this section funds made available pursuant to section
25 10 of this Act, in amounts prescribed from time to time by

1 the President: *Provided,* That funds obtained by the Ad-
2 ministrator for the purposes of this section shall bear interest
3 at a rate determined by the Secretary of the Treasury which
4 shall be not more than the higher of (1) $2\frac{1}{2}$ per centum per
5 annum, or (2) the average annual interest rate on all in-
6 terest-bearing obligations of the United States then form-
7 ing a part of the public debt as computed at the end of the
8 preceding fiscal year and adjusted to the nearest one-eighth
9 of 1 per centum.

10 IMMEDIATE AID TO AREAS OF SUBSTANTIAL UNEMPLOY-
11 MENT

12 SEC. 8. (a) In areas currently designated by the Sec-
13 retary of Labor as having been areas of substantial unem-
14 ployment in each of at least nine of the twelve immediately
15 preceding months, and in areas currently designated as "re-
16 development areas" pursuant to the Area Redevelopment Act,
17 projects or programs otherwise authorized to be assisted under
18 sections 4, 5, 6, and 7 of this Act may be assisted thereunder,
19 with funds made available under this section, without regard
20 to the provisions in those sections and section 3 requiring the
21 proclamation and existence of the public works acceleration
22 period. For the purposes of this section there is hereby au-
23 thorized to be appropriated, to remain available until ex-
24 pended, the sum of $750,000,000 which may be allocated

1 by the President among sections 4, 5, 6, and 7 of this Act,
2 except that at least 10 per centum of any amount appro-
3 priated for the purposes of this section shall be used for such
4 purposes with respect to projects and programs in redevelop-
5 ment areas designated as such under the provisions of section
6 5 (b) of the Area Redevelopment Act.

7 (b) The President shall prescribe rules, regulations,
8 and procedures which will assure that adequate considera-
9 tion is given to the relative needs of the areas eligible for
10 assistance. In prescribing such rules, regulations, and pro-
11 cedures, the President shall consider among other relevant
12 factors: (1) the severity of the rates of unemployment in eli-
13 gible areas and the duration of such unemployment, and (2)
14 the income levels of families and the extent of underemploy-
15 ment in eligible areas.

16 (c) In the case of those projects or programs of States
17 or local public bodies which qualify under standards estab-
18 lished by the President applying uniformly to all similar
19 areas, if the President determines that an area suffering
20 unusual economic distress (because of a sustained extremely
21 severe rate of unemployment or an extremely low
22 level of family income and severe underemployment)
23 does not have economic and financial capacity to assume all
24 of the additional financial obligations required, a grant

1 otherwise authorized pursuant to sections 5 and 6 for a project
2 or program in such area may be made to a State or local
3 public body without regard to any provision of law limiting
4 the amount of such grant to a fixed portion of the cost of the
5 project or program, but the recipient of the grant shall be
6 required to bear such portion of such cost as it is able to and
7 in any event at least 10 per centum thereof.

8 RESTRICTIONS AND LIMITATIONS

9 SEC. 9. The authority conferred by this Act shall be
10 subject to the following restrictions and limitations:

11 (a) No financial assistance shall be made with respect to
12 any project or program unless the project or segment of work,
13 to be assisted under this Act—

14 (1) can be initiated or accelerated within a reason-
15 ably short period of time;

16 (2) will meet an essential public need;

17 (3) if initiated hereunder, can be completed within
18 eighteen months after initiation, but not later than the
19 termination of the public works acceleration period, or
20 in the case of projects under section 8, not later than
21 twenty-seven months after the date of enactment of this
22 Act;

23 (4) will contribute significantly to the reduction of
24 unemployment; and

1 (5) is not inconsistent with locally approved com-
2 prehensive plans for the jurisdictions affected, wherever
3 such plans exist.
4 (b) In the choice of projects and programs, preference
5 shall be given to areas within States in which unemployment
6 is above the national average or in which family income is
7 below the national average, but assistance shall not be limited
8 to such areas, and not more than 12½ per centum of the
9 aggregate funds provided for projects and programs pur-
10 suant to sections 4, 5, 6, and 7 of this Act shall be made
11 available within any one State.
12 (c) Each department or agency administering financial
13 assistance authorized by this Act shall adopt such rules, regu-
14 lations, and procedures as will assure that no such assistance
15 shall be made available to any State, municipality, local pub-
16 lic body, or nonprofit organization unless such project or
17 program for which the assistance is granted produces a net
18 increase in the expenditures of the State, municipality, local
19 public body, or nonprofit organization for public works proj-
20 ects approximately equal to the non-Federal contribution to
21 the project or program.
22 (d) Not more than 30 per centum of the funds author-
23 ized to be appropriated by section 10 may be used to carry
24 out the purposes of section 6. The same limitation shall be

1 applicable to the funds authorized to be appropriated in sec-
2 tion 8.

3 APPROPRIATIONS AUTHORIZED

4 SEC. 10. (a) There is authorized to be appropriated
5 for expenditure after June 30, 1963, to remain available
6 until expended, the sum of $750,000,000 to carry out the
7 provisions, other than section 8, of this Act.

8 (b) In carrying out such provisions at least 10 per
9 centum of any amount appropriated pursuant to subsection
10 (a) shall be used with respect to projects and programs in
11 redevelopment areas designated as such under the provisions
12 of section 5 (b) of the Area Redevelopment Act.

13 ADVANCES FOR PUBLIC WORKS PLANNING

14 SEC. 11. Section 702 of the Housing Act of 1954 is
15 amended by striking out in subsection (e) "July 1, 1961;"
16 and the remainder of the subsection, and inserting in lieu
17 thereof, "July 1, 1961; and such additional sums which may
18 be made available from year to year thereafter."

19 LABOR STANDARDS

20 SEC. 12. All laborers and mechanics employed by con-
21 tractors or subcontractors on projects and programs assisted
22 under section 6 of this Act shall be paid wages at rates not
23 less than those prevailing on similar construction in the
24 locality as determined by the Secretary of Labor in accord-

1 ance with the Davis-Bacon Act, as amended (40 U.S.C.
2 276a—276a-5), and every such employee shall receive com-
3 pensation at a rate not less than one and one-half times his
4 basic rate of pay for all hours worked in any workweek in
5 excess of eight hours in any workday or forty hours in the
6 workweek, as the case may be. No such project or program
7 shall be approved without first obtaining adequate assurance
8 that these labor standards will be maintained upon the con-
9 struction work. The Secretary of Labor shall have, with
10 respect to the labor standards specified in this provision, the
11 authority and functions set forth in Reorganization Plan
12 Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5
13 U.S.C. 133z-15), and section 2 of the Act of June 13,
14 1934, as amended (48 Stat. 948, as amended; 40 U.S.C.
15 276c).

16 DELEGATION OF POWERS

17 SEC. 13. The President may exercise any functions
18 conferred upon him by this Act through such agency or offi-
19 cer of the United States Government as he shall specify.
20 The head of any such agency or such officer may from time to
21 time promulgate such rules and regulations as may be neces-
22 sary to carry out such functions, and may delegate authority
23 to perform any such functions, including, if he shall so
24 specify, the authority successively to redelegate any of such
25 functions. Nothing contained in this section shall authorize

1 the President to delegate the power to proclaim or termi-
2 nate the public works acceleration period.

3 DEFINITIONS

4 SEC. 14. As used in this Act—

5 (a) The term "State" means the several States, the
6 District of Columbia, the Commonwealth of Puerto Rico,
7 and the territories and possessions of the United States.

8 (b) The term "local public body" includes public
9 corporate bodies or political subdivisions; public agencies or
10 instrumentalities of one or more States, municipalities, coun-
11 ties, or other political subdivisions of States; Indian tribes,
12 and boards or commissions established under the laws of any
13 State to finance specific public works projects.

14 (c) The term "public works" includes the construction,
15 repair, and improvement of: public streets, sidewalks, high-
16 ways, parkways, bridges, parking lots, airports, and other
17 public transportation facilities; public parks and other public
18 recreational facilities; prisons, training schools and youth
19 correctional facilities; public and nonprofit hospitals, rehabili-
20 tation and health centers, and other public health facilities;
21 public refuse and garbage disposal facilities, water, sewage,
22 sanitary facilities, and other public utility facilities; civil defense
23 facilities; public police and fire protection facilities; public
24 educational facilities, libraries, museums, offices, laboratories,
25 employee housing, and other public buildings; and public

1 land, water, timber, fish and wildlife, and other conservation
2 facilities and measures.
3 (d) The term "project" includes a separable, usable
4 feature of a larger project or development.
5 (e) The term "segment of work" means a part of a
6 program on which the work performed can be separately
7 identified by location and will provide usable benefits or
8 services.

Passed the Senate May 28 (legislative day, May 25), 1962.

Attest: FELTON M. JOHNSTON,
Secretary.

87TH CONGRESS
2D SESSION

S. 2965

AN ACT

To provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

IN THE SENATE OF THE UNITED STATES

MAY 28 (legislative day, MAY 25), 1962

Ordered to be printed as passed

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

Issued June 1, 1962
For actions of May 31, 1962
87th-2d, No. 87

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HIGHLIGHTS: House began debate on school lunch fund apportionment bill.

HOUSE

1. SCHOOL LUNCH. Began debate on H. R. 11665, to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act. For a summary of the bill see Digest 81. pp. 8829-38

2. PUBLIC WORKS. The Public Works Committee was granted until midnight Sat., June 2, to file a report on H. R. 10113, to establish an Office of Public Works Coordination and Acceleration and to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels. p. 8829

3. FOREIGN TRADE. Conferees were appointed on H. R. 10788, to amend section 204 of the Agricultural Act of 1956 so as to authorize the President to regulate imports of textiles and textile products from nonparticipating countries of multilateral trade agreements. Senate conferees have already been appointed. p. 8828

The Select Committee on Export Control issued a report pertaining to an investigation and study of the Export Control Act of 1949 (H. Rept. 1753). pp. 8860-1

4. EDUCATION. The Education and Labor Committee reported without amendment H. R. 11888, to improve the quality of elementary and secondary education (H. Rept.

1752), with amendments H. R. 11340, to assist the States in further developing their programs of general university extension education (H. Rept. 1750), and with amendments H. R. 10056, to amend Public Laws 815 and 874, 81st Congress, relating to construction and maintenance and operation of public schools in federally impacted areas, to deny payments to school districts which are not in compliance with constitutional requirements that public schools be operated on a racially nondiscriminatory basis (H. Rept. 1751). p. 8860

5. DISASTER RELIEF; TERRITORIES. The Public Works Committee reported without amendment S. 1742, to authorize Federal assistance to Guam, American Samoa, and the Trust Territory of the Pacific Islands in major disasters (H. Rept. 1747). p. 8860

6. PERSONNEL. The Post Office and Civil Service Committee reported without amendment H. R. 11753, to provide for the payment of certain amounts and restoration of employment benefits to certain Government officers and employees improperly deprived thereof (H. Rept. 1748). p. 8860

7. CIVIL DEFENSE. The Government Operations Committee issued a report on the national fallout shelter program (H. Rept. 1754). p. 8861

8. BONDS. Received from Treasury a proposed bill "to increase temporarily the amount of obligations, issued under the Second Liberty Bond Act, which may be outstanding at any one time"; to Ways and Means Committee. p. 8860

9. BUILDINGS. Received from the President a report to the President by the ad hoc Committee on Federal Office Space. p. 8860

10. FORESTRY; MINING. Received from GAO a report on the review of the Administration by the Forest Service of mining claims located on national forest lands reserved from the public domain. p. 8860

11. SOIL CONSERVATION. Rep. Clem Miller discussed Soil Stewardship Week, saying, "We are proud of the men and women of the soil conservation movement for the example they present to our country and to the world's emerging nations of successful cooperative endeavor -- public and private; local, State and Federal." pp. 8841-2

12. COTTON. Rep. Alexander discussed the problems of the domestic textile industry and said, "it is ridiculous to force domestic textile producers to pay more for the same raw product than foreign producers pay. This is unfair competition of the rankest order." p. 8847

13. LEGISLATIVE PROGRAM. Rep. Albert announced that the Consent Calendar will be called on Mon., June 4, and debate will continue on H. R. 11665, to revise the school lunch formula, on Tues. Also, H. R. 11879, the proposed Tax Rate Extension Act of 1962, will be considered next Tues. p. 8838

14. ADJOURNED until Mon., June 4. p. 8860

ITEMS IN APPENDIX

15. FARM PROGRAM. Rep. Schwengel urged a bipartisan investigation of the USDA grain storage program as a result of the Estes case, stated that if "this can happen with Billie Sol Estes, it can happen in the Department of Agriculture's dealings with hundreds of others," and inserted an editorial supporing his position. pp. A3979

ity, in an envelope approximately the size of a postal card. It is requested that each Member deposit only one message. These are the final dates on which Members may make deposits in the cornerstone box.

COMMITTEE ON PUBLIC WORKS

Mr. BLATNIK. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may have until midnight Saturday to file a report on the bill H.R. 10113.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

CORRECTION OF ROLLCALL

Mr. MINSHALL. Mr. Speaker, on rollcall No. 96 I was recorded as not being present, whereas, in fact, I was present and answered to my name when the roll was called. I ask unanimous consent that the permanent RECORD and Journal be corrected accordingly.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ASTRONAUT MALCOLM SCOTT CARPENTER

(Mr. ROGERS of Colorado asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGERS of Colorado. Mr. Speaker, Malcolm Scott Carpenter, the second American astronaut to circle the world, was received in his home State of Colorado over the weekend. Thanks to the President who made his plane available, we were able to get there in time for a big celebration in his hometown of Boulder, Colo. The University of Colorado issued a bachelor of science degree. The next day he and his lovely family visited with the people of the city and county of Denver and participated in a tremendous parade. The citizens set a record and had the largest group in the history of Denver to celebrate the great feat that Scott Carpenter had performed.

We in Colorado are proud of the contribution he has made, and I am sure he will be performing more services in the future.

SCHOOL LUNCH PROGRAM

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 657 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11665) to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the five-minute rule. At the conslusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Missouri is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN] and yield myself such time as I may consume.

The SPEAKER. The gentleman from Missouri is recognized.

Mr. BOLLING. Mr. Speaker, there was no controversy on this subject in the Rules Committee. It provides for a change in the formula of apportionment of moneys under the school lunch program.

There being no controversy as far as the Rules Committee is concerned, I reserve the balance of my time.

Mr. BROWN. Mr. Speaker, the gentleman from Missouri has explained this rule, which makes in order the consideration of H.R. 11665 under 1 hour of general debate. It is an open rule. As the gentleman from Missouri stated, there was no opposition to this measure in the Rules Committee, and we were informed in the committee that the House Committee on Education and Labor in which this bill originated reported it out unanimously. The Rules Committee therefore took similar action.

I have been informed this morning, however, that there are objections on the part of some members of the House Committee on Education and Labor to one or two provisions, or some of the wording in the bill. As a result an amendment or amendments may be offered. I do feel, nevertheless, that this bill should be considered under this rule.

I have no further requests for time and yield back the balance of my time.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. BAILEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11665) to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11665, with Mr. BROOKS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. BAILEY. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, the bill, H.R. 11665, amends the formula for distributing cash assistance funds to the States under the National School Lunch Act. It also authorizes the Department of Agriculture to reserve some funds for additional grants to school districts serving areas of low economic resources. It extends the program to American Samoa. A so-called separate but equal provision of the 1946 act is repealed.

Mr. Chairman, this bill does not create a new program. No new appropriations are authorized. We merely provide for a more equitable method of distribution. The changes are dictated by the experience under the program since its beginning.

Hearings on the basic formula change were conducted during the 86th and 87th Congresses. We heard no testimony opposing the formula change.

These amendments have been recommended by the Department of Agriculture.

Under existing law cash assistance funds are apportioned on the basis of school-age population and per capita personal income. Under Department of Agriculture regulations, States are required to reimburse participating schools on the basis of number of lunches served. The basic maximum allowable payment is 9 cents for each type A lunch with milk, and 7 cents for each type A lunch without milk.

Because the program has grown faster in some States than in others, in actual practice the average per meal rates of cash assistance any State is able to pay its school systems tends to be related more to the rate of progress growth than to need as measured by per capita income in the State. Thus, a State, where income level is high but with below average participation, may be able to reimburse the school systems at a higher rate than can a State where income levels are low but where participation is high.

Under the formula changes proposed in H.R. 11665, cash assistance funds would be apportioned on the basis of total number of lunches served during the previous year, together with the assistance need rate of each State.

Nearly all of the witnesses before us wanted a floor of 5 cents under payments and a ceiling of 9 cents. The committee was reluctant to write such a floor and ceiling. In such an event, without full implementation, it was obvious that the States with the higher assistance need rates would be those to suffer.

It is my fervent hope, however, that sufficient funds will be made available so that no school system will receive less than 5 cents per meal served.

The new section 11 is designed to provide additional payments to districts located in areas of extreme economic distress. In many areas—and some are in my State of West Virginia—there are a relatively high number of children who cannot purchase a meal. The resources of many of these same school districts are so limited that the need cannot be met with the normal cash assistance program. The committee learned that the less well off school districts attempt to meet the situation

either by having to serve a higher than average number of free meals or by charging an unrealistically low price. We purposely gave discretion to the Department in order to meet both types of situations. We did ask the Department to submit the guidelines it proposed. These have been included in the committee report so that the intent of Congress will be clear.

Under existing law private schools may participate in the program. We have retained this provision. At present, in the case of those States where the appropriate State agency is prohibited by law from reimbursing private schools, the Secretary of Agriculture may do so directly. He reserves a portion of the States' allotment equal to the percentage of the State's total elementary and secondary school enrollment accounted for by private elementary and secondary schools.

Under H.R. 11665 the method for dividing the State's share of the cash assistance funds between public and private schools, when such a division is necessary, is altered. The bill provides that division be made on the basis of the number of type A lunches served in each type of school. This is consistent with the changes made in the basic formula, and results in the same average per meal rate in both public and private schools in each State.

Mr. Chairman, I urge approval of this bill.

Mr. Chairman, in concluding, I would like to read into the RECORD a letter received from the Department of Agriculture:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., May 18, 1962.

Hon. ADAM C. POWELL,
Chairman, Committee on Education and Labor, House of Representatives, Washington, D.C.

DEAR MR. POWELL: Reference is made to H.R. 11665, a bill to amend the National School Lunch Act which was reported favorably by your committee on May 10, 1962.

This bill incorporates all of the changes in the National School Lunch Act recommended by this Department in a series of hearings held by your Subcommittee on General Education. We support passage of H.R. 11665 and we believe that it will increase the effectiveness of the program of Federal aid to nonprofit school lunch programs.

We are hopeful that this legislation will be made effective for the 1963 fiscal year.

Sincerely yours,
CHARLES S. MURPHY,
Under Secretary.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as the gentleman from West Virginia has said, there was no basic argument in the committee with respect to the proposed changes in the formula for distribution of funds under the National School Lunch Act. The changes proposed will provide money on the basis of the number of school lunches served instead of the total school age population.

I might say, however, that I regret that the report was not prepared more carefully. On reading it I find no reference to the way in which the proposed changes in the distribution of the funds differ from the old method, either in dollar amount or the amount of cents per lunch in an individual State.

Mr. Chairman, I would like to call attention to the table which appears on page 5 of the report, which indicates the proposed distribution of the funds to the various States, the District of Columbia, and so on. One will see that there is no reference to the amount which each State or the District of Columbia receives under the present distribution of funds. There is no comparison made.

As an example, the District of Columbia would receive a very sharp reduction in the dollar amount, but there is no evidence of this in the report. I might say that the hearings do indicate, to some extent at least, that the major changes proposed seek—and I think this is desirable—to provide more aid to the areas that need it most, rather than to areas which perhaps have other ways of meeting needs.

Mr. Chairman, my basic objection is this——

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I shall be glad to yield to the gentleman from West Virginia.

Mr. BAILEY. The gentleman from New Jersey mentioned the situation which exists in the District of Columbia. Let the gentleman from West Virginia remind the gentleman from New Jersey that the per capita income rate in the District of Columbia is higher than every other State except the State of Delaware. Yet they were participating in this program last year to the extent of 8.5 cents per meal, I believe.

Mr. FRELINGHUYSEN. I am not, I might say to the gentleman from West Virginia, necessarily holding a brief for the District of Columbia. However, it seems to me that the report on the bill should give an indication, either through the amount of funds to be made available on an individual school lunch basis, or the dollar amount, where there is going to be a sharp reduction of funds.

Mr. Chairman, I might point out that the District of Columbia, under the present method of distribution, assuming a fund of $98.6 million, would receive an appropriation of $215,000. Under the proposed method they would receive only $152,000. It may be that less should be provided to the District of Columbia, but it does seem to me that we should know how the proposed formula differs from the present one. I am not suggesting an attempt to hide essential information. When we dig for it, it is available. But it seems to me that the tabulation is not of much value unless it gives the difference between what we are presently doing and what we are proposing to do.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from West Virginia.

Mr. BAILEY. I would like to remind the gentleman from New Jersey that this bill is designed to operate particularly in a manner to take care of the situation in areas of the country where they are unable to provide lunches for their children.

Mr. FRELINGHUYSEN. Well, I would like to say to the gentleman from West Virginia that I have already backed the idea of the proposed revisions in the basic law so as to provide more funds where we figure more funds are needed, and to reduce somewhat funds where they are less badly needed. I am not arguing with the general formula which is being proposed. I simply think the report is inadequate in stating what we are doing.

Mr. BAILEY. If the gentleman will yield further, I would like to read a little bit of information into the RECORD at this time:

The District of Columbia came into the program but recently. Because many of its school buildings are old and not equipped for serving lunches, and because many of the youngsters are within walking distance of the school, the participation rate is extremely low. The District has been using school lunch funds to pay seven-tenths of a cent per half pint toward the cost of the special milk program. It may continue to do so. Total school lunch funds to the District will be reduced. The District asked the subcommittee for special dispensation to count the half pints of milk served under the special milk fund. The subcommittee was not inclined to make any exceptions. Department officials advised us that the District's problems could be handled through the special school milk program. We are advised this has been done, and Superintendent Hansen is satisfied.

Mr. FRELINGHUYSEN. Mr. Chairman, I might say to the gentleman from West Virginia that I made a mistake with reference to the District of Columbia. The program, once it is established and after this transition period of 1 year has gone by, will be even more prejudicial to the District of Columbia than I have just stated. If $98,600,000 were made available under the present program the District could now receive $215,000, as I have already stated. But under the proposed method of distribution, the District would receive only $89,000, which is a very sharp and substantial reduction, which may have led to the protest to which the gentleman from West Virginia just referred.

Mr. Chairman, I would like to make a further comment with respect to the report. The tabulation on page 5 of the report is inaccurate. It fails to indicate how the changes in the formula which the adoption of these amendments would provide will affect the various States. The tablulation states that this will be the distribution under the proposed formula. That is inaccurate.

I should like to refer to the hearings on page 13. The tabulation there, if I am reading the material correctly, refers to the proposed distribution in the first year under these changes. The tabulation in the report also refers to the first year only, the so-called transitional period. In the second and succeeding years there will be quite different distributions, which are found on page 12 of the hearings. It would seem to me that the report itself either should say that the distribution proposed is during the transition period of 1 year, or it should give additional figures to show what the

Digest of CONGRESSIONAL PROCEEDINGS
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OFFICE OF BUDGET AND FINANCE
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For actions of June 4, 1962
87th-2d, No. 89

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HIGHLIGHTS: House committee voted to report foreign trade bill. House committee reported public works acceleration bill. Rep. McSween defended House version of farm bill.

HOUSE

1. FARM PROGRAM. Rep. McSween defended his position in voting in committee to report H. R. 11222, the proposed Food and Agriculture Act of 1962 saying, "I voted in committee to report this bill to the House floor for consideration, reserving the right to oppose it on the floor unless it is satisfactorily amended." pp. 8892-5

2. PUBLIC WORKS. The Public Works Committee reported with amendments H. R. 10113, to establish an Office of Public Works Coordination and Acceleration, and to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels (H. Rept. 1756). pp. 8902-3

3. FOREIGN TRADE. The "Daily Digest" states that the Ways and Means Committee voted to report (but did not actually report) H. R. 11970 (a clean bill to supersede H. R. 9900), the proposed Trade Expansion Act of 1962. p. D430

4. STOCKPILING. Passed with an amendment H. Con. Res. 473, providing the express approval of the Congress, pursuant to section 3(e) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b(e)), for the disposition of certain materials from the national stockpile, including silk noils, abaca fiber, and vegetable tannins. pp. 8884-5

5. CIVIL DEFENSE. Passed without amendment H. R. 11743, to amend the provisions of title III of the Federal Civil Defense Act of 1950, as amended, to extend to June 30, 1966, the emergency authority of the President to deal with the effects of an enemy attack on the Nation. p. 8885

6. ATOMIC ENERGY. Passed without amendment H. R. 10618, granting the consent of Congress to the Southern Interstate Nuclear Compact. pp. 8886-8

7. ELECTRIFICATION. Rep. Sheppard criticized the bills to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and inserted an editorial, "Northwest Power." pp. 8888-9

8. RECLAMATION. Received from the Army a report on a review of reports on Kentucky River and tributaries, Ky. (H. Doc. 423). p. 8902

ITEMS IN APPENDIX

9. FARM PROGRAM. Rep. Findley inserted an article from the labor union publication, Labor, criticizing acreage allotment programs for farm commodities as monopolistic and stating that "While enforcing monopoly in the farm field, the Government is endorsing anti-monopoly laws in other fields." pp. 4043-4

Rep. Cunningham inserted a statement before the recent Millers' Federation Convention criticizing the Administration's proposed wheat certificate program and stating that "to help pay for such a program we would be forced to take on the burden and the redtape of paying or collecting a 60-cents-a-bushel processing tax." p. A4060

10. FORESTRY. Extension of remarks of Rep. Saylor urging enactment of legislation to provide for the preservation of wilderness areas, including national forest areas, and inserting a report of the Wildland Research Center, University of California, "Problems in Administration of Wilderness Resources." pp. A4062-5

11. ELECTRIFICATION. Reps. Weaver, Martin, Nebr., Beerman, and Cunningham inserted a number of essays prepared by school children in an essay contest sponsored the Nebr. Rural Electric Association, "The Value of Rural Electrification in Our Home and Community." pp. A4031, A4038, A4039-40, A4045-6, A4046-7, A4053-4

12. TOBACCO. Extension of remarks of Rep. Scott, N. C., stating that "Despite the fact that the case against cigarette smoking is nothing more than statistical theory, there are some who would use every stratagem to destroy tobacco," and inserting an editorial in support of his position. p. A4035

Rep. Abbitt inserted a statement by the scientific director of the Tobacco Industry Research Committee to refute "Certain statements ... made that reflect adversely upon the tobacco industry in a most unfair manner." pp. A4054-5

13. AREA REDEVELOPMENT. Rep. Moore inserted an article on problems encountered by the Area Redevelopment Administration with its program in West Virginia, "ARA Falls Short of Original Aim." pp. A4038-9

14. PUBLIC DEBT. Rep. Rogers, Fla., inserted his testimony before the Ways and Means Committee opposing any increase in the public debt. p. A4057

15. YOUTH TRAINING. Rep. Derwinski inserted an editorial critical of the recently enacted legislation providing for Federal assistance for the training of youths entering the job market. p. A4049

Union Calendar No. 740

87th Congress, 2d Session - - - - - House Report No. 1756

PUBLIC WORKS COORDINATION AND ACCELERATION ACT

REPORT

OF THE

COMMITTEE ON PUBLIC WORKS

HOUSE OF REPRESENTATIVES

87TH CONGRESS, 2D SESSION

ON

H.R. 10113

WITH

MINORITY VIEWS

JUNE 2, 1962.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

72006 o WASHINGTON : 1962

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Union Calendar No. 740

87TH CONGRESS, 2d Session } HOUSE OF REPRESENTATIVES { REPORT No. 1756

PUBLIC WORKS COORDINATION AND ACCELERATION ACT

JUNE 2, 1962.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BLATNIK, from the Committee on Public Works, submitted the following

REPORT

[To accompany H.R. 10113]

The Committee on Public Works, to whom was referred the bill (H.R. 10113) to establish an Office of Public Works Coordination and Acceleration, to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

The amendment to the text of the bill strikes out all after the enacting clause and substitutes a new text which appears in italic type in the bill, as reported.

The amendment to the title of the bill is a conforming amendment to carry out the changes made by the bill, as reported.

I. WHAT THE BILL WOULD DO

The purpose of H.R. 10113, as reported, is (1) to establish the Office of Public Works Coordination and Acceleration to meet the long-range need of public works planning, and (2) to authorize an appropriation of $900 million to accelerate the construction of public works to overcome the present problem of unemployment.

OFFICE OF PUBLIC WORKS COORDINATION AND ACCELERATION

The bill would create an Office of Public Works Coordination and Acceleration, the basic purpose of which would be to provide essential information to the Congress and the Chief Executive concerning public works backlogs, current construction, and planning for future needs.

The committee believes it is important that more effective allocation of resources for civil capital improvements be achieved. The information provided by the proposed Office would be invaluable to the Congress and the President in achieving this essential national objective. The proposed Office would present periodically, but at least once a year, to the Congress and the President a report on public works needs of the Nation, along with suggestions on the alternative ways in which these requirements can be expeditiously and economically met. At present no Government agency has this responsibility: it would be a distinct advantage for the Members of the Congress to have such information readily available in their deliberations.

The proposed Office would also be charged with encouraging State and local governmental agencies to develop orderly capital improvement programs. Orderly, coordinated programing and planning should bring about greater economies and earlier satisfaction of public facility needs.

In addition, the committee finds that most small communities, having limited resources, have great difficulty in programing their capital improvements on a long-range basis. It would be of great benefit to these small communities if machinery existed to provide them with leadership and information to enable them to properly develop long-range plans and coordinate their programs with the other levels of government.

IMMEDIATE FEDERAL AID FOR PUBLIC WORKS

The bill authorizes the appropriation of not more than $900 million to be used to accelerate the construction of necessary public works as a means of expanding employment opportunities. This will make a substantial contribution toward reducing our present high level of unemployment, a condition which has persisted without interruption for nearly 5 years. The President would be authorized to use these funds to accelerate construction activity and employment both on direct Federal projects which have previously been authorized by the Congress and on local public works construction by matching Federal grants. The committee wishes to emphasize that the assistance under this bill could be used only for Federal projects already specifically authorized by the Congress and for local projects eligible for Federal aid under other laws.

The bill contains a provision to assure that this aid will be used for projects which would not otherwise be undertaken, thereby making a net addition to employment. It also requires that any project aided must be one which can be started promptly and the bulk of the employment created by this project will occur within 12 months after the project is started. These limitations mean that the benefits of the bill will be felt quickly, that the effects will not persist beyond the period when the economy needs this aid, and that disproportionately large projects will be ruled out.

To be eligible for this assistance a project must be located in an area eligible for economic assistance under sections 5 (a) and (b) of the Area Redevelopment Act or in a community which has suffered 6 percent or more unemployment for 9 out of the past 12 months. (A list of eligible communities can be found in sec. IV.) Of the $900 million total amount authorized to be appropriated, one-third is reserved

for section 5(b) areas (rural areas of substantial and persistent unemployment, underemployment, and low incomes).

A wide range of local public works is eligible for this assistance such as water and sewer works, public buildings, local streets and sidewalks, hospitals, etc. Schools, however, are not eligible. In most cases the grant can cover up to 50 percent of the cost. The committee cannot emphasize too strongly that to qualify under the terms of the bill a project must "meet an essential public need."

BACKGROUND OF THE BILL

The problems which H.R. 10113 deal with are not new. Unemployment throughout the country has been intolerably high throughout the past 5 years, worsening substantially during the 1958–59 and 1960–61 recessions and with only partial improvement during the abortive recoveries. The latest recovery has followed the disturbing pattern of those of recent years; it has been slow and uncertain.

During this period there have been many areas, both urban and rural, which have suffered far more seriously than the country as a whole. These communities have suffered from depression and near-depression conditions, in some cases for three decades. Earlier action by the Congress to provide aid for the revival of these hard hit communities was thwarted by Presidential vetoes of area redevelopment legislation on two occasions, in 1958 and again in 1960. Had it not been for this, greater progress would have been made in helping the unfortunate jobless men and women in these communities. That, however, is history and our present task is to promote the revival of business activity and employment as speedily as possible. The Area Redevelopment Act passed by the Congress and signed into law last year has made commendable progress but it should be kept in mind that this is a basic long-term effort to rehabilitate the economies of these areas and it was never intended as a quick "shot in the arm." Your committee is convinced that what is needed now is immediate aid which will both put people in these areas back to work now and contribute to building the foundation for future progress.

Public works projects have a number of special advantages in combating unemployment under the present circumstances. There is a substantial backlog of both Federal and local projects fully planned which can be gotten underway quickly; the aid can be channeled so as to be of immediate benefit to areas of greatest need, while at the same time the demand generated for materials and equipment used in construction will spread its effect throughout the economy; and the direct objects of expenditure—necessary public works—are themselves deserving of aid and will add to our needed community resources and our national wealth.

COMMITTEE ACTION

The committee had before it H.R. 10113 and H.R. 10318, by Mr. Blatnik, H.R. 10183 and H.R. 10317, by Mr. Buckley, and similar bills designed to meet the immediate problem and help cure future economic distress. In addition, the committee found most helpful the bill H.R. 10667, introduced by Mr. Rains. Extensive hearings were held by the committee from March 26 through April 6, 1962, in

which testimony was taken from administration witnesses, business and labor organizations, private economists and other specialists, and Members of Congress. These witnesses represented every point of view on the subject and their opinions have been carefully considered by the committee.

The committee carefully considered the administration proposal to authorize the President to use $2 billion of existing unobligated balances for the acceleration of public works at sometime in the future if economic conditions, according to a "triggering" formula in the bill, warranted such action. While sympathetic to the purpose of this legislation, the method of financing deserved more extensive study than could be given to it under the present urgent circumstances of high unemployment and economic slack. Therefore, this proposal is not contained in the amendment recommended by the committee. Also the committee's concern over the need for immediate action was confirmed by the fact that the administration supplemented its request for legislation with an amendment which provided for an immediate authorization for funds to accelerate public works construction to relieve present unemployment.

Following the close of hearings, the committee met in executive session on May 16 and voted to report H.R. 10113 with an amendment in the nature of a substitute embodying, with modifications, the administration's proposal for immediate acceleration of public works employment and authorizing the establishment of an Office of Public Works Coordination and Acceleration.

II. Office of Public Works Coordination and Acceleration

A. NEED FOR OFFICE OF PUBLIC WORKS COORDINATION AND ACCELERATION

Introduction

The concept embodied in the Office of Public Works Coordination and Acceleration is not new. Students of government and many others interested in bringing about a greater degree of harmony and cooperation between agencies of the Federal Government and the various levels of government in the programing and planning of public works have long advocated creation of similar machinery. The committee notes that the Morris Cooke Commission of the Truman administration, both Hoover Commissions, and the Committee on Government Organization in the Eisenhower administration made studies and reports under Presidential directives—all recommended that an office be established at executive level for objective, independent review of major Federal public works programs and projects. They also emphasized the need for relating these Federal programs and projects to State and local activities in this field. There is ample evidence and experience to show that such review would be helpful to the President and the Congress in carrying out their duties in the field of public works programing and planning. The Office of Public Works Coordination and Acceleration, we believe, would provide this essential function for the Congress and the President.

Conflicts in planning and programing

Planning programs of the various Federal agencies have developed historically in response to specific requirements: In irrigation to develop the agriculture of the West, highways to enable the farmer to get to market, and more recently, urban renewal and urban planning

assistance to aid in the proper development of cities. But, with the expansion of cities and urban highway extensions far into the countryside, critical problems have arisen which can only be solved through the closest cooperation among those responsible for planning for cities, for highways and other transportation systems, for natural resources and land use, and for outdoor recreation opportunities. The intense competition between the various agencies of Government, resulting from population growth, population movement, and overlapping governmental jurisdictions, has brought on severe and lasting conflicts in planning between agencies. We all can think of specific areas of conflict. The following are just a few of the many publicized conflicts between Federal programs: Preservation of wetlands versus drainage; highways versus parks; community facilities versus Federal water rights; upstream irrigation versus downstream navigation; rural versus urban watershed problems; water resources development versus recreation and fish and wildlife; highways versus rapid transit. The end product of these conflicts has been unnecessary waste, duplication, reduction in multiple benefits, and delay in construction of projects.

A few specific examples of the rivalry that results from lack of proper harmonization of public works plans and programs should help demonstrate how a centrally located official charged with encouraging cooperation and freer exchange of information between agencies would bring a greater degree of efficiency in public works planning.

The examples of lack of coordination of plans or conflicts which follow are by no means rare illustrations, but common occurrences of the problems which arise through lack of communication between agencies: (1) In a narrow valley an agricultural project was jointly planned by the Federal government and a local county agency. The State planned to route a major highway through the same valley; another agency of the Federal Government planned a dam which would have drowned out both road and agricultural developments. None knew of the others' plans until large expenditures of funds and effort had been made. (2) In a Western State, a county planned a new fairground with buildings, a local school district a new school, and the State a highway over the same ground. Not until plans neared completion and land acquisition began did the conflicts become known. (3) A State highway department planned and acquired land for a new highway down through an irrigation project without the knowledge of the agency responsible for operating and repaying the cost of the irrigation works. The removal of land and facilities in clearing the path for the highway made the irrigation development engineeringly unworkable because water could no longer flow by gravity to agriculture lands. The highway also removed from production the best area and thereby destroyed the base for financial feasibility and repayment of the cost of the development. (4) A Federal Government lending agency advanced money for planning a water development project in Texas. Plans were developed, based on obtaining Federal lands under the control of Forest Service without cost. The Forest Service, however, expected to get reasonable value in accordance with existing policy. This made the feasibility of the project questionable.

At present, machinery to encourage the greatest possible degree of integration of related programs and cooperation between agencies in the field of public works is not in existence. Integration of activity

and cooperation in long-range planning has been found so essential in every ordinary or extraordinary private industrial or business endeavor, that failure to use this means to efficiency in our national public works planning is truly amazing. It is the key to success and economies in all industrial organizations.

There is also ample evidence in recent actions by the President and Congress that this principle is recognized in the scientific field. The coordination of science programs has been recently assigned to a scientific coordinator. The public works programs have existed at Federal level for more than 100 years. The special interests and parochial attitudes of the various Federal agencies have become entrenched. The need for coordination would seem to be more necessary in the public works field than the scientific, which is newer and more flexible.

The only way coordination can be satisfactorily achieved is for the Chief Executive and the Congress to have a dependable, centrally located adviser to inform them of the areas of conflict, duplication, and to make clear the issues involved. In this way, the committee believes, the Congress can resolve the issues and conflicts through the regular legislative process, thereby retaining its prerogative of making policy in the area of public works planning and programing. However, only a centrally located data-gathering group can effectively collect and assemble information on public works programing and planning, review it for conflicts and duplication, present it to the Congress and the Chief Executive for consideration, and offer suggestions on alternative solutions to resolve these conflicts and issues. With the information provided by this advisory office, the Congress can more easily eliminate the roadblocks to efficient and economical public works planning and programing at all levels of government.

Allocation of resources on the basis of priorities

It seems to be generally recognized that the needed annual level of investment in capital improvements far exceeds what we as a nation are presently able and prepared to spend. Heavy expenditures in other areas, especially for national security, are at this time being given priority because of world conditions. But, because of this fact, it is even more imperative that we attempt to bring a greater degree of effectiveness to the system by which we allocate money for the various kinds of capital expenditures. Since the amounts of money we are willing to allocate to capital improvements in the public sector of the economy are dwarfed by what actually should be expended to meet current and emerging needs, some means has to be found to assure that those needs which are relatively more urgent and important are given first consideration when allocating the money and that in so doing maximum coordination with related programs is achieved. The Congress should have reliable data readily available on current public works needs, as well as estimates of what long-range developmental needs are, so that it can more easily and wisely arrive at the relative priorities in the programing of public works.

At present, no continuing machinery exists for identifying emerging needs for new and different kinds of capital improvements. Technological improvements, population growth, urbanization, and other economic and social changes are radically altering the kinds of public facilities required and the number needed, and at the same time reducing the need for some current programs.

The startling population growth of our country is known to all. It took us 320 years from the landing of the Pilgrims to reach 131

million people in 1940. By 1980, we will have about doubled this figure. More important is the fact that 97 percent of this increase since 1940 went to metropolitan areas and only 3 percent to rural areas.

There has also been a movement from the central city to the suburbs. In the decade from 1940 to 1950, for every addition to the central city's population, the suburbs gained 2½ people; in the decade 1950–60 the ratio of suburban to central city growth jumped to 4 to 1.

These population shifts and increases have greatly expanded the need for capital facilities in schools, hospitals, libraries, recreational areas, roads, streets, water supply, and sewage disposal. The movement of population, in addition, has spread the needs over a greater area.

The committee believes that identification of new and modified needs would permit all levels of government to initiate steps toward meeting requirements in an orderly and more coordinated manner. Early action could forestall lengthy delays, and piling up of backlogs and pressures later for hastily conceived and often inefficient crash programs.

Estimates of the amounts of money that must be expended to wipe out the backlog of needed public facilities and meet newly emerging needs vary according to how complete a solution is sought and how rapid a remedy is contemplated. The problem is twofold: First, to eliminate accumulated deficiencies; second, to expand public facilities in such a way as will best meet the future needs of more than 200 million people. Any reasonably comprehensive calculation will reveal that a staggering outlay is needed to meet the problem. One economist has estimated that we need to invest $40 billion a year for the next 25 years in public capital investment. Gen. John S. Bragdon, a special assistant to President Eisenhower, indicated several years back that an investment of $160 billion over the following 10 years would be required just to take care of the State and local backlog. Even the most conservative estimates on how much money should be allocated by this Nation to meet this problem call for an average annual outlay in excess of $25 billion.

Contrasting the estimated average annual minimum that should be allocated to public capital investment with what has actually been spent by all levels of government for civil public works from 1956 through 1960 clearly demonstrates that a selection process based on wisely determined priorities is essential.

Annual expenditures (1956–60) by Federal, State, and local governments for civil public works

Year	Federal	State	Local	Total expenditure	Estimated minimum required	Gross national product	Total expenditure as percent of GNP
	Millions	*Millions*	*Millions*	*Millions*	*Millions*	*Billions*	
1956	$869	$4,564	$6,843	$12,276	$25,000	$419.2	2.9
1957	1,076	5,163	7,454	13,693	25,000	444.8	3.1
1958	1,254	5,946	8,040	15,240	25,000	444.5	3.4
1959	1,521	7,059	8,292	16,872	25,000	482.8	3.5
1960	1,643	6,607	8,497	16,747	25,000	504.4	3.3
Total	6,363	29,339	39,126	74,828	125,000	2,295.7	3.25

Source: Bureau of the Census.

As the table indicates, a choice between various public works programs must be made, since we are not allocating sufficient funds to cover what should be expended annually. The mounting gap between total expenditures and the absolute minimum required expenditure for this 5-year period shows that programing must be done on a priority basis. To do otherwise could mean costly crash programs for many areas of public works in the near future. The committee believes that someone must be given the specific responsibility for assisting the Congress and the Chief Executive to arrive at sound priorities in the yearly or multiannual allocation of moneys for capital improvements. Priorities must, of course, in turn be based on needs which must always be calculated by comparing what one now has with what one reasonably should have. The committee feels that an official charged with the responsibility of looking beyond the scope of existing programs could provide the information needed. By objectively ascertaining what our long-range needs will be, and relating our current needs arrived at through some reasonable, common criteria to estimated long-range needs, he will be of invaluable assistance. Objective presentation of the alternative investment opportunities and their respective consequences to the President and the Congress will expedite the work of balancing these objectives and deciding upon the relative priorities.

State and local assistance

The magnitude of the problems involved in the planning and coordinating of public works can best be illustrated by the number of projects which our States and local communities propose to undertake in any given period of time, the aggregate cost of the capital improvements planned, and the great number and diversity of jurisdictions involved:

The Bureau of the Census in 1960 conducted a survey for the Housing and Home Finance Agency of public works construction plans of State and local governments covering an 18-month period, July 1960 through December 1961. A total of 88,174 projects were scheduled for completion of planning by December 1961. Approximately 58,000 of these projects were expected to cost under $100,000 per project; 25,283 of those scheduled for completion would cost between $100,000 to $999,999 per project; and 4,832 it was anticipated would exceed the $1 million or more per project figure. An additional 18,833 projects were reported in the survey as already included in a master plan, capital budget, or equivalent, for which all planning actions would be completed between July 1960 and December 1961, if authority and funds for their planning and construction were available at the time of the survey. The estimated total construction cost of those scheduled for completion of planning was $21.7 billion. The estimated total construction cost of those projects in master plans or capital budgets, but for which planning had not been begun, amounted to $8.533 billion—a grand total of $30.224 billion State and local public works projects soon to be constructed, or for which construction is definitely proposed for the near future.

The committee must point out that these figures are not only important as evidence of the vast backlog of public works needs requiring attention, but, because of the great number of projects involved, are also significant in pointing up the many areas where conflicts could arise when good communications are not maintained between plan-

ning and constructing authorities. After direct Federal civil works programs are added to the picture, all varying greatly in size, nature, and costs, it can be readily seen how gaps in planning, serious overlapping, and frequent duplication arise unless proper coordination of activities is developed for the various levels of government.

Compounding the problems caused by the diversity and magnitude of civil public works needs is the multitude of overlapping governmental jurisdictions. Every city, county, town, or other community is clothed with authority to carry out public works construction. There are approximately 50,000 multifunctional government entities in the United States and another 50,000 single-purpose districts within certain area authorities. In the 212 standard metropolitan areas of the Nation alone, there are over 16,250 jurisdictions clamoring for a voice in the expansion of public assets within their boundaries. In New York City there are over 1,050 such smaller subdivisions or jurisdictions; in Chicago, over 960; in Los Angeles, 660.

The metropolitan area which has not kept in step with modern comprehensive planning techniques, in some cases is facing an even greater problem—that is, expansion into a metropolitan area corridor. The whole northern half of the eastern seaboard from Portland, embracing Boston, Providence, New Haven, Bridgeport, New York City, Trenton, Newark, Philadelphia, Wilmington, Baltimore, and Washington, on to Norfolk, is urbanizing into a continuous metropolitan corridor of some 26 million people. The same trend is clear in the Chicago area along the lakeshore from Milwaukee through Gary.

To meet these problems the committee wishes to stress that machinery is vitally needed at the Federal level which would furnish example and leadership to State and local governments in their efforts to develop and keep up to date a long-range capital improvement program. As Mr. Jean L. Vincenz, a former president of the American Public Works Association, pointed out to the committee:

> Such a program presents to the taxpayer of each agency a picture of the needs of the community, together with a possible schedule for accomplishment of the program. * * * With the development of proper long-range planning for capital improvement, many of these projects could be accomplished closer to the time of need on a pay-as-you-go basis.

By encouraging local governmental agencies to develop orderly capital improvement programs, great economies could be brought about in the field of public works construction.

Of great importance is the establishment of a focal point of contact with the Federal Government for dissemination of information on planning and programing capital improvements, especially with respect to the relationships of Federal policies and programs of all kinds, rural and urban, to those of the States and localities. Some overall coordinating machinery, encompassing the whole spectrum of Federal agencies and programs, is badly needed to consider the impact of Federal programs on the capital improvement goals, plans, and programs of the State and local governments. The power of these programs to greatly affect communities requires close observance of the obligation to assure that the total impact of Federal programs are consistent with local objectives.

B. OPERATION OF THE OFFICE OF PUBLIC WORKS OF COORDINATION AND ACCELERATION

The committee strongly emphasizes that the Office of Public Works Coordination and Acceleration would serve an advisory and informational function, and would not direct or administer programs. Its basic function would be to act as a focal point where data on public works construction, programing, planning, and policies is gathered and correlated with public works long-range needs estimates. The Bureau of the Budget now maintains an inventory of Federal public works programs. The Housing and Home Finance Agency in addition is authorized to make surveys of public works planning at the State and local levels under section 702 of the Housing Act of 1954, as amended, and each Federal agency makes its own estimates of needs in its specific area of interest. These data, however, are not coordinated nor are they at present consolidated into any statement of national needs.

After the data which has been gathered from all levels of government on public works construction programing and planning activities has been assembled, the Director would report to the Congress and the Chief Executive his findings and make whatever suggestions or recommendations he deems necessary with regard to elimination of conflicts in public works programing. He would also suggest alternative priorities in the planning of Federal capital investments based on long-range developmental needs. He would also assist State and local governments in developing techniques and procedures for development of long-range planning and public works needs estimates.

The Director would have no jurisdiction over the program operations of any department or agency. The intent of the bill is clear. Under no circumstances could he overrule officials of operating agencies such as the Corps of Army Engineers, the Department of the Interior, the Housing Administrator, or any other agency responsible for actual operations. His basic responsibility would be to the President and the Congress to whom he would try to make clear, in the presentation of the data, the issues involved where there are conflicts in programing and disagreements over long-range public works needs. In this way, the committee feels, the Congress and the President's job in resolving these differences and determining goals in the field of public works could be made more effective.

Acceleration of capital improvement programs for countercyclical purposes requires an up-to-date shelf of planned, public projects, especially on the local level, which are suitable for quick use should such action become necessary. The proposed Office would be required to keep in readiness a plan to be presented to the Congress periodically for review, the basic purpose of which will be to provide for the acceleration of the public works necessary to increase employment and stabilize the economy. If the Congress and the President should determine that acceleration be undertaken to counter declining economic activity, needed capital improvement projects in all parts of the country would then be quickly available.

Because the Public Works Director's area of concern transcends and cuts across existing agencies, the committee recommends that the Office of Public Works Coordination and Acceleration be given as great a degree of independence as possible from the specific interests

of any one Federal department or agency. It would be a far more effective advisory tool for the Congress and the President if it were not encumbered by existing agency structure and had not become wedded to one particular program—it should remain as objective as possible in its work.

III. Acceleration of Public Works Employment

A. THE NEED FOR PROMPT ACTION

Today 4 million American men and women are out of work. While this is a reduction from the year-ago level when the 1960–61 recession was near its low point, it is still intolerably high. No one can be indifferent to the plight of these families either in human terms of fear and want or in the cold economic calculation of lost production. The contribution that these unemployed could make, if jobs were available, is of vital national concern in the present period of international crisis. Providing employment would add to our economic strength in the cold war and at the same time prove to the nations of the world the benefits of our free enterprise economic system. Here at home the achievement of full employment would mean more goods and services for everyone and the added spending power of those now idle would take up our present economic slack and help to achieve full prosperity for all Americans.

Unemployment has risen ominously over the past decade and a half. Since World War II the economy has suffered four recessions. Each recovery has left us with a higher rate of unemployed than existed at the previous peak. The current recovery, far from being an exception to this rule, threatens to be even less complete than earlier upswings. Testimony before the committee showed that 1 year after the low point of the last business slump, employment and production have gained less and unemployment has fallen less than in any previous postwar cycle. The following table clearly shows this progressive weakness in the recovery patterns of the four recessions which have plagued our postwar economy:

Changes in employment and unemployment 1 year after postwar recession low points

Recession	Gross national product	Total employment	Nonfarm wage and salary jobs	Unemployment	Unemployment rate [1]
		Percent	*Percent*	*Percent*	*Percent*
1961	+8.4	+1.8	+2.3	−20.4	5.6
1958	+9.9	+3.3	+4.6	−29.2	5.2
1954	+9.8	+5.1	+4.7	−26.3	4.3
1949	+13.2	+4.9	+8.7	−45.7	4.1

[1] Unemployment rates 12 months after recession low point.

The result is that despite the seasonal alleviation of unemployment which always occurs in the spring, there are still almost 4 million out of work in this country. After adjustment for seasonal variations, 5½ percent of the labor force is idle, far above the level to be expected under conditions of full employment. Of this total 1.5 million have been without work for 15 weeks or more and 700,000 have not had employment for 27 weeks or more. In addition to these we must be concerned with the problem of 2.2 million workers who are forced to

accept part-time employment because full-time jobs are not available. Altogether this represents a tremendous economic loss to the Nation and a critical burden to those workers and their families directly affected.

Localized depressions

The assistance provided by this bill is aimed primarily at those areas where the need is greatest—urban and rural places of chronic and substantial unemployment eligible for aid under the Area Redevelopment Act and those labor market areas which have suffered from high unemployment for the better part of the past year. The plight of these communities has been studied intensively by the Congress over the past several years in the course of considering legislation for area redevelopment. It has long been recognized that these communities invariably suffer the most in times of recession and then fail to share fully in the benefits of recovery. Many of them have endured conditions comparable to those of the great depression in the early thirties, even in recent periods of relative prosperity nationally.

The Congress on three occasions now has affirmed its belief that these communities can and should be revitalized. While unfortunately the first two bills passed by the Congress to achieve this met with Presidential vetoes, legislation was finally enacted last year in the Area Redevelopment Act to provide for the long-term restoration of these local economies. That law, however, is designed for a fundamental long-term program of economic rebuilding and it was not expected to produce substantial immediate employment increases. In fact the Area Redevelopment Act specifically provided that the aid for public works provided therein was limited to those which would lead eventually to a long-term expansion of employment opportunities rather than only an immediate benefit. Obviously it would be callous and shortsighted to allow the people of these communities to languish in idleness while waiting for the planning of local redevelopment and for conditions of national prosperity to create needed employment. Moreover, the aid under the Area Redevelopment Act is limited to projects which serve identifiable industrial or commercial installations. At the same time there are many public works essential to the health and well-being of the people in these communities as well as for overall economic development for which adequate assistance is not now available. Therefore the present bill is needed as an immediate stimulus to employment as well as to make the communities better places in which to live and work.

Outlook for the economy

The extensive testimony heard by the committee offered no conclusive evidence of a speedy return to the full employment enjoyed in 1952 and 1953. On the contrary, witness after witness cited facts and figures which showed that excessive unemployment would continue throughout 1962 with a serious danger of another economic decline next year if a policy of "economic drift" is followed. While there is general agreement that the economy will make some further gains this year, it is by no means clear whether this advance will have the speed or permanence necessary to achieve full employment within a

reasonable period. In this connection, it is important to note the following statement from the January 1962 report of the Council of Economic Advisers. In discussing the prospects for full employment the Council states:

> An expansion that slows down prematurely is less likely to be lasting. A slowdown, or even an expected slowdown, in the growth of sales can diminish incentives to enlarge productive capacity and inventories. A decline in capital spending and inventory accumulation can convert a slowdown into a downturn. For this reason, prospects for a lasting expansion rest heavily on the vigor of the upswing over the next few quarters.

The committee is concerned that some may underestimate the seriousness of our present economic problems. For example, few would dispute the fact that unemployment is excessive at its present level of 4 million. Beyond that, however, it should be kept in mind that in our growing country the labor force normally expands year by year. In the past decade it has grown by an average of nearly 1 million annually and during the 1960's it is expected to grow by 1.3 million or more each year. However, the latest report on the labor force shows only about half of the expected growth over the past year. Clearly there are hundreds of thousands of people who would normally be in the labor force if jobs were to be had but who have been discouraged from even seeking employment by conditions in their communities.

We must prepare now for the substantial gain in the labor force in years just ahead. Already those born during the postwar baby boom are beginning to come onto the labor market and their numbers will increase rapidly very soon. It would be tragic indeed if our economy cannot provide employment for them. Our problem, however, is far greater than the increase in the labor force alone. The Secretary of Labor has estimated that the rising efficiency of our workers and our machinery—automation in all its forms—eliminates 1.8 million jobs a year. Thus in the year ahead our economy must create roughly 4 million jobs to reduce unemployment to a minimum, provide jobs for new workers, and reemploy those displaced by automation. This is a challenge which will be disastrous if we fail to meet it but which at the same time offers tremendous possibilities for rapid growth and higher living standards and greater economic strength if we meet it successfully.

Other Government programs

The committee commends the administration for its vigorous actions last year to combat the 1960–61 recession. However, many of its direct weapons for this purpose have already achieved their maximum effects or have been exhausted. Other programs which might be accelerated are not necessarily those best calculated to meet the present problem. For example, urban renewal by its nature is a time-consuming undertaking and seldom can be readily speeded up. Also the programs of direct housing loans for veterans in rural areas and small towns and for farm housing construction do not necessarily have their maximum impact on the areas with greatest need for employment stimulation. Nevertheless, because of the exceptional

value of these programs in their own right, and because of the general benefits to the economy which an acceleration in lending would bring, the committee urges the administration most strongly to release additional funds for these loans.

The committee's consideration of the possibility of stepping up activities under other programs has pointed up the special value of public works to meet unemployment problems which are concentrated in particular areas and particular segments of the economy. Therefore we strongly believe that the President should be given the kind of authority he has requested and needs now to achieve the goal of full employment.

B. HOW THE BILL WOULD WORK

The bill would authorize the appropriation of $900 million to be made available to the President to accelerate public works employment through both Federal and local government projects. The proportions to be used for each category of project would be determined by the President on the basis of need and the contribution that would be made to increasing employment. Of the total amount authorized one-third would be set aside for rural areas of chronic unemployment, underemployment, and low incomes, which are eligible for aid under section 5(b) of the Area Redevelopment Act (734 counties and 50 Indian reservations). In addition to these places, eligible labor market areas would include any area of chronic unemployment which qualifies for assistance under section 5(a) of the Area Redevelopment Act (148 places) and any labor market area which has suffered 6 percent or more unemployment for 9 of the past 12 months (132 places). A complete listing of areas currently eligible for grant assistance under the bill is contained in part IV beginning on page 23.

These criteria for determining eligible areas will insure that the first and greatest impact on employment will be felt in areas of greatest need. The committee provided a setting aside of funds for rural areas because experience has shown that smaller towns and rural communities, while many of them have the longest record of economic deterioration and the greatest need for public facilities, are often handicapped by lack of staff and planning facilities in taking advantage of Federal aid programs. The funds so reserved, which can be used for either Federal or local public works, will make certain that these small communities can receive their fair share of the aid under this bill.

The committee wishes to emphasize that the aid under this bill can be used only for Federal projects specifically authorized by the Congress or for local public works eligible for Federal aid under other law. The bill also requires that in order to qualify a project must fulfill "an essential public need." Thus, such projects as water and sewer systems, local streets and street repair, public buildings, and public and nonprofit hospital construction and modernization would be eligible if they met the other criteria set forth in the bill.

In most cases, grants-in-aid for local public works can cover up to 50 percent of the cost of the project. These grants can be used in conjunction with other Federal aid, provided that the total grant assistance does not exceed the 50-percent limitation. For example, a water pollution project receiving a one-third grant under the Water Pollution Control Act could receive supplemental assistance under

this bill raising the grant to 50 percent upon evidence that this further aid would accelerate employment. The remaining 50 percent must be financed by the community either through its own resources or private borrowing. In view of the fact that the Federal grant will cover one-half of the cost, local authorities will be able to sell their securities to private investors readily at very low interest rates. However, if exceptional circumstances make it necessary, a community could resort to the existing public facility loan program administered by the Housing and Home Finance Agency. These loans currently carry an interest rate of 3⅜ percent for communities eligible under the Area Redevelopment Act and 3⅝ percent for other borrowers. Except for the population ceiling, such loans would be subject to all of the restrictions in existing law, including the requirement that a loan can be made only if it is found that private financing is not available on reasonable terms.

The bill also liberalizes the existing advance planning program authorized under section 702 of the Housing Act of 1954. That law authorizes Federal advances for the planning of specific local projects and was intended both to meet the immediate needs of communities for public works and to establish and maintain a continuing reserve of projects which could be accelerated in times of economic slack. Such advances under existing law need be paid back only if and when construction on the project is begun. The committee bill would waive repayment of these advances for any project receiving the grant assistance herein provided.

Limitations on projects

In addition to the limitations upon eligible communities described above, the bill imposes a number of requirements to assure that the funds will be of maximum benefit both in reducing unemployment and meeting the needs of our cities. These requirements are designed to avoid projects which while perhaps desirable are more in the nature of luxuries than true necessities. Also the aid is restricted to projects of relatively short term both to achieve the maximum immediate effect on employment and to bar exceptionally large projects which would take a disproportionate share of funds and which would require a construction period that might extend beyond the period of need. The bill requires that projects must be such that the bulk of the employment impact would be felt within a 12-month period. Indicative of the size of project which might meet this requirement is the testimony submitted that the construction of a building costing $1 million takes about 11 months to complete, a $1 million sewer facility takes about 8 months, and a $100,000 street repair job about 3 to 4 months. As set forth in the bill the funds can be used only for projects either Federal or local which meet the following conditions:

(1) Which can be initiated or accelerated within a reasonably short period of time;

(2) Which will meet an essential public need;

(3) A substantial portion of which can be completed within 12 months after initiation or acceleration;

(4) Which will contribute significantly to the reduction of local unemployment;

(5) Which are not inconsistent with locally approved comprehensive plans for the jurisdiction affected, wherever such plans exist.

The committee believes that these requirements fully counter the arguments sometimes raised against the use of public works to stimulate employment, and yet have sufficient flexibility to qualify a great number of useful projects.

Effect of the bill would be felt quickly

The committee was greatly impressed by the testimony of a number of witnesses that there is at present a temendous backlog of needed public works for which planning is completed and which can be started promptly if financial aid is made available. It is the opinion of the committee that the claim that it takes too long to get public works underway is wholly disproved by this testimony. To take just a single program, the Federal Highway Administrator cited the success of his agency in giving quick effect to the specific provision of the Federal Aid Highway Act of 1958 which was designed to stimulate employment. In April of that year the Congress approved an additional $400 million of special Federal aid highway funds (so-called D funds) for the fiscal year 1959 to meet up to two-thirds of the cost of improving primary and secondary highways. In a matter of months contracts were placed involving a total cost of $618 million providing for 12,000 miles of highway improvements. This is only one example of the many types of construction involving a relatively high use of labor which could be promptly accelerated under this bill.

In the case of Federal construction, administration witnesses cited a backlog of over $1 billion worth of construction nationally under such programs as the Federal Aviation Agency, Tennessee Valley Authority, General Services Administration, Forest Service, National Park Service, and the Corps of Engineers. While not all of this total would be in eligible areas, a substantial part would meet the requirements of this bill, including the requirement that the specific project be previously authorized by the Congress. Other examples of eligible Federal projects would include Federal prisons, training schools, and correctional institutions.

The extremely helpful testimony by the Area Redevelopment Administrator, whose program covers a major part of the eligible communities, graphically demonstrated both the need for public works in these communities and the speed with which they could be undertaken. The following table summarizes the number and types of capital improvement needs cited by redevelopment areas in the first 300 overall economic development programs received by the Area Redevelopment Administration.

Category	*Number*
Water supply and flood control	260
Tourism and recreation	256
Sewerage and pollution control	254
Institutional: Educational, hospitals, civic buildings	168
Roads, streets, etc	90
Airfields, ports, ferries	64
Miscellaneous: Sidewalks, etc	40
Total	1,132

As the Administrator stated, these are not just "shopping lists," they are realistic appraisals of shortcomings in the public sector that have accumulated over the years. While certain aid to public facilities is available under the Area Redevelopment Act it is narrowly restricted to those facilities that would be used by a specific newly established

or expanded industrial or commercial installation. Therefore many of the basic needs, although they are extremely important to the ability of the community to expand, are not presently eligible for the kind of grant assistance they need.

One of the commonest needs in redevelopment areas is for improved roadways. The Bureau of Public Roads has aided almost 2,000 separate projects in redevelopment areas since January 1, 1961, at a cost of nearly $1 billion. The assistance under this bill could serve to accelerate this kind of construction.

Hospitals represent another area of pressing public need on which activity could be begun promptly. The assistance in this bill, which could be used for both public and private nonprofit hospitals, would be particularly helpful in meeting the urgent need for modernization of older hospitals. A summarization of the gross needs estimates by the States is prepared annually by the Public Health Service on the basis of information provided by Hill-Burton State agencies regarding the projects which the States believe could be approved if there were no limitation on Federal assistance. The report prepared for fiscal years 1963 and 1964 shows that 1,739 projects costing a total of more than $2.3 billion and using $987 million in Federal funds could be approved if there were no limitation on Federal assistance. For fiscal year 1963 alone, the report shows that 1,158 projects costing a total of $1.6 billion and using $597 million in Federal funds could be approved. In light of the department's budget request of $170 million for health-facility construction under Hill-Burton, it is obvious that additional funds made available for hospital construction could be used advantageously to further build up the basic health-facility resources of this Nation.

A broad range of local public works has been fully planned or is now in process of planning under the advance planning program administered by the Housing and Home Finance Agency. Altogether, projects representing a total construction cost of $1.7 billion are fully planned and ready to go and projects estimated to cost another $900 million are now being planned. It is estimated that approximately half of this total would meet the size and location requirements of the bill.

C. IMPACT OF THE BILL

H.R. 10113, as amended, would make a prompt and substantial addition to employment and incomes not only in the communities where the projects will be built but throughout the Nation; not only in the construction industry, but in the factories and mills which supply the materials and the department stores, groceries, auto dealers, and other places which will gain customers they would not otherwise have.

It is not possible at this point to estimate precisely the total value of construction which would be generated under this bill in view of the fact that it makes the $900 million authorized available to the President to allocate between direct Federal construction and local grants-in-aid. If it is assumed that $300 million would be used for Federal projects and $600 million used for 50-percent grants for local public works, the total construction spending generated in the coming year or so would be in the neighborhood of $1.5 billion. It is estimated that a full man-year of employment (about 2,000 hours of work) is created for every $10,000 of expenditure. This would mean the

addition of approximately 150,000 new job opportunites as the direct impact of the bill with about one-half of the jobs created in the community where the project is built and the other half in areas which supply the cement, lumber, construction equipment, and other materials that go into construction. The effect, however, does not stop there. As this $1.5 billion is paid out as income, it is spent and respent giving it a multiplier effect which will serve to add several billions of dollars to the total national income. This additional income and spending will directly provide markets for a greater output and greater employment throughout the economy, and it will also give businessmen the assurance they need of a market for their products that will induce them to increase their own spending on new plant and equipment. It is the committee's opinion that the direct and indirect stimulus to consumption and investment which the bill would provide will have a powerful cumulative impact upon the economy and help immeasurably to shake off the economic lethargy inherited from the 1958 and the 1960 recessions.

The jobs created through this bill, including those resulting from the multiplier effects of the incomes created, will make a significant reduction in unemployment particularly in view of the fact that they will be concentrated to some extent in areas of greatest need. However, the committee recognizes that this bill alone can only help to achieve full employment and cannot do the job entirely by itself. At the same time we flatly reject the contention that because this bill is not an economic cure-all it should not be passed. Such a counsel of perfection seems callous and unrealistic in view of the hard facts of the misery suffered by our unemployed, the relief which this bill would bring to a great many of them, the broad benefits it would bring to our entire economy, and the solid additions to national wealth which it would create.

The need for more investment

One economic factor which particularly points up the need for this legislation is the failure of private spending for new plant and equipment to achieve adequate levels. The latest surveys of businessmen's investment intentions indicate that the total this year will be approximately $37 billion, a gain of 8 percent over last year's recession level. In contrast, the Chase Manhattan Bank, in its bimonthly economic report, has stated that this figure should be at least $45 billion to support a condition of full employment. It was pointed out in the hearings that the anticipated total in the present year is only about 2 percent above the dollar level achieved back in 1957 and when adjustment for price changes is made the physical volume represented by these expenditures is actually less than in 1957. Because of the key role played by investment expenditures in our intricate and interdependent economic system, the committee amendment offers a particularly appropriate form of economic stimulus.

Investment like consumption plays a vital role as a balance wheel in our economy. Each year the American people add billions of dollars to their savings. Unless investment demand exists to employ this tremendous amount, these savings simply affect the price of existing investment securities, such as stocks and bonds, without creating new economic activity. In a period such as the present when private investment, though high, is not high enough, it is necessary to take measures to stimulate additional capital spending. It

is for this purpose that the administration has requested legislation for special tax incentives and has announced its intention to liberalize depreciation schedules on new investment. However, private business finds it profitable to add to its plant and equipment only if it expects a market for the final goods. The prospect of high income and demand is essential to the achievement of an adequately high rate of business investment.

The bill would not be inflationary

Under present circumstances an expansion of public investment not only increases our national wealth and contributes to higher standards of living but helps to turn the serious menace of an underutilization of our economic resources to advantage. Because this bill is aimed directly at providing jobs for those now unemployed, it cannot be said to be in any sense inflationary. The committee recognizes that if demand were stimulated at a time when the economy is operating at full capacity, it would then increase competition for workers and productive capacity already employed and the result would be to bid up prices. That is not the case today, nor will it be in the immediate future. This bill will take up some of the slack in our economy and bring idle plant and labor back into productive use without affecting the price level. It will raise our total national production and create incomes for those now subsisting on public assistance by putting to use manpower now being irretrievably wasted.

D. BENEFITS TO CITIES

Virtually every town and city in the Nation has a backlog of needed public works which in the aggregate represents billions of dollars of construction cost. Public investment has long been a stepchild in our economy. Around 1940 most communities had reasonably adequate community facilities due in large part to the programs of the Federal Government as well as the slow rate of growth of our urban population during the 1930's. Then in the first half of the 1940's local government expenditures for public works were sharply curtailed because of the war. In the second half of that decade they were limited by material shortages and the competing demands of other types of construction. Again, at the beginning of the last decade, war restrictions once more limited public investment. And through most of the last decade our local officials have been confronted time and again with a restrictive monetary policy which it is generally recognized hits especially hard at local government borrowing. Throughout this period local governments have been hard pressed to finance the sharp rise of the day-to-day services needed by the expanding population.

The result has been a serious neglect of investment in publicly owned facilities. A study done by the U.S. Department of Commerce in 1955 found that in the field of local water and sewer works alone, there was a backlog of need totaling approximately $10 billion. That same study found that we must spend $1.5 billion every year just to offset obsolescence and take care of population growth. In each of the past 2 years the value of new construction of water and sewer works has amounted to just about $1.5 billion. Because of cost increases during the period, however, the current physical level of construction is somewhat below the minimum level estimated in 1955 to meet current annual needs.

Specific statistics have already been cited on the backlog of needed hospitals and other facilities. One more example of the urgent need of many communities for financial assistance is the evidence of a study by the Conference of State Sanitary Engineers on municipal waste-treatment construction requirements. This survey listed all communities requiring new sewage-treatment plants, expansion of existing plants, or additional treatment as of the beginning of 1962. The Public Health Service processed the data and all information was verified by the States before final processing and analysis. The survey disclosed that 5,290 communities serving nearly 45 million people require new sewage-treatment plants, plant enlargements, or additional treatment. New plants serving approximately 24 million persons are needed in 4,244 communities. Additions to existing facilities are needed in 633 communities serving 14 million persons. Additional treatment is needed in 413 communities serving 6.5 million persons. The estimated cost of the backlog of municipal waste-treatment needs is $2 billion. Calculations by the Public Health Service indicate that the elimination of this backlog in 10 years, together with needs imposed by population growth and obsolescence of existing works, will require an average annual expenditure of $600 million. Over 2,000 applications for Federal financial assistance under the terms of the Federal Water Pollution Control Act are already in process or preparation. These project needs exist nationwide. Furthermore, more than 90 percent of the projects are in communities of less than 50,000 population. The total cost of these projects is $1.2 billion. The grants requested in the applications total $227 million. The budget request for fiscal year 1963 to meet these requests is the fully authorized $90 million. Obviously, additional funds can be put to immediate use throughout the country.

The categories of need cited in this report are only a few examples of the many ways in which our cities would be made better places in which to live and work. The existence of these huge backlogs of need, however, do not in any way reflect on local government officials who have striven valiantly over the years to meet this problem. The inescapable fact is that local financial resources simply are not adequate to meet the cost of all needed public works.

Financial limitations of State and local government

Tax rates and outstanding indebtedness of State and local government have risen sharply in recent years. More than 60 major changes in tax law were enacted by State legislatures in 1961 to produce an additional $1 billion in revenue. Total State tax collections this year are expected to reach $21 billion, triple the total in 1948. Municipal governments have been forced to exploit every tax revenue available to them and impose annual increases in their rates. Just since 1957 municipal tax revenue has risen from $15 billion to $21 billion, a gain of nearly one-third. Many communities find they have reached the practical ceiling on the taxes which they can impose.

It must be remembered that State and local governments suffer one serious handicap which the Federal Government does not face; that is, the problem of varying tax rates from one place in the country to another. A State or community which recognizes the need and is willing to spend the money to overcome it often finds that if it raises taxes to meet this responsibility it will simply drive industry to other locations. Apart from the loss of employment and basic economic

difficulties of losing industries, the community may find itself with even less tax revenue than before. This is one of the fundamental reasons why local government must look to the Federal Government for some measure of financial assistance.

The fact is that the Federal Government has effectively preempted the prime source of revenue—personal and corporate income taxes. Because of this State and local taxes tend to be highly regressive bearing most heavily on low and medium income brackets. Last year three-fourths of all State tax collections came from sales, licenses, and property taxes, and more than 90 percent of municipal revenues came from taxes on sales and property. In the case of the real estate tax many families who rent their homes or who are buying with a high ratio mortgage are paying the tax on property in which they have little or no actual equity, while the high income family is likely to have a substantial part of its assets in securities or other forms which are exempt. Not only do these taxes bear more heavily on those of limited income, but by their nature they are rigid over the range of the business cycle. Thus, because they fall little if at all in a period of recession and rise only slowly in a period of boom, these taxes actually accentuate the swings in the economy. In contrast the graduated Federal income tax has proven to be a valuable offset to economic fluctuations. In the light of these facts the committee feels that Federal financial assistance is both necessary and well justified.

E. COST OF THE BILL

The administration proposals submitted to the committee would have provided for total expenditures of $2.6 billion, including $2 billion on a standby basis to be obtained from existing unobligated balances without further action by the Congress. It is felt that this novel recommendation would require extensive additional study and in view of the pressing need to expand employment immediately, the reported bill cuts this total to $900 million to be provided entirely through the appropriation process. Against this investment, which would create not only new employment opportunities but useful public works of lasting value, must be set the heavy cost of unemployment.

The cost of doing nothing

The cost of excessive unemployment is high, whether measured in the human terms of the individual family to whom the loss of income and security is an emergency, or in the dollars-and-cents terms of lost production and increased Government outlays for relief payments. Unemployment compensation payments now represent an annual burden of more than $4 billion, far more than the cost only a few years ago, as the following table shows:

Unemployment insurance programs—Total benefits paid

[Millions of dollars]

1952	1,044	1956	1,541	1960	3,023
1953	1,051	1957	1,913	1961	4,358
1954	2,292	1958	4,209		
1955	1,560	1959	2,803		

This total of $24 billion paid out over the past decade has been of vital assistance to the jobless families who received it but it would have been far better for them and for the country if employment had been available. Essential as it is, unemployment compensation is a

cost rather than an investment such as this bill would provide. It would be shortsighted indeed if we fail to take the necessary steps to reduce the cost of jobless payments.

Not only does idle manpower add heavily to Government expenditures, but it also exacts a toll in lost tax revenues. The record is clear that the Federal budget can be balanced or a surplus achieved only at high levels of employment, given our tremendous fixed costs of the cold war, the legacy of past wars, and necessary domestic programs. It should not be forgotten that the largest peacetime deficit in our history—$12 billion—was the result of the 1958 recession. The additional jobs created by this bill and the stimulation of overall economic activity will increase revenues at all levels of government, Federal, State, and local.

The overall cost to our Nation in terms of production lost by excessive unemployment in recent years runs to many billions of dollars. In 1961, unemployment averaged 6.7 percent of the labor force. If that rate could have been lowered only to 4 percent, gross national product would have been a little over $560 billion instead of the $521 billion actually realized, a gain of $40 billion. For the decade of the 1950's as a whole, the Council of Economic Advisers estimates that the total loss of national production from underutilization of our resources exceeded $175 billion—almost $1,000 of goods and services for every American citizen.

Cost of similar Government investments abroad

The United States has undertaken to assist the economies of our friends and allies abroad and make those countries better places in which to live through major financial assistance for public facilities such as those which would be aided under this bill here at home. This assistance has totaled more than a billion dollars over the past 4 years, as shown in the following table:

U.S. aid to foreign countries for publicly owned construction projects

[Fiscal years; in millions]

Area	1959	1960	1961	1962	Total
Near East and southern Asia	$97.8	$238.4	$148.4	$74.5	$559.1
Far East	57.7	40.8	58.2	38.9	195.5
Africa and Europe	33.0	50.7	43.1	31.2	158.0
Latin America	22.9	40.9	16.8	138.8	219.4
Total	211.4	370.8	266.5	283.4	1,132.0

NOTE.—These figures are estimates of the construction cost of publicly owned projects and do not include equipment or operating costs. Industrial, educational, and defense projects are not included.

Source: Agency for International Development.

The amounts listed above account for only a very small part of the total amount authorized by the Congress for foreign aid. Earlier this year, the House approved by an overwhelming vote of 256 to 94 a bill authorizing $2 billion in additional U.S. aid to the International Monetary Fund. Three years ago, the Congress passed legislation authorizing $4.5 billion in U.S. assistance to the International Monetary Fund and the International Bank for Reconstruction and Development. These are only two examples of legislation acted on favorably by the House in the field of foreign aid which substantially exceed the bill recommended by the committee.

This reference is not intended to be critical of these expenditures which have serve to strengthen the free world and thwart Communist aggression. At the same time, the committee feels that we must be equally alert to our domestic economic needs and the requirements for public investment in this country.

IV. Areas Eligible for Immediate Public Works Assistance

Projects aided under this bill whether direct Federal construction or Federal matching grants for eligible local projects must be located in areas with particularly severe unemployment problems according to criteria set forth in the bill. These provisions direct the aid to areas designated as eligible for assistance under section 5(a) or section 5(b) of the Area Redevelopment Act or which have suffered 6 percent or more unemployment for at least 9 of the past 12 months.

Under section 5(a) of the Area Redevelopment Act the Secretary of Commerce designates as "redevelopment areas" those labor market areas in which there is currently 6 percent or more unemployment (excluding seasonal unemployment) and which has had a rate of unemployment—

(*a*) 50 percent above the national average for 3 of the preceding 4 calendar years, or

(*b*) 75 percent above the national average for 2 of the 3 preceding calendar years, or

(*c*) 100 percent above the national average for 1 of the preceding 2 calendar years.

For a list of labor market areas which would be eligible under this provision see table I below.

Section 5(b) of the Area Redevelopment Act authorizes the Secretary of Commerce to designate as redevelopment areas those rural areas in which there exists a condition of substantial and persistent unemployment or underemployment. In making this determination the Secretary is directed to take into consideration the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are of the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance. A list of these areas is found in tables II and III below.

In addition to the above redevelopment areas, eligible labor market areas include those in which there has been 6 percent or more unemployment for at least 9 of the past 12 months. A list of the communities which qualify under this provision is shown in table IV below.

In summary, a total of 1,064 areas are currently eligible for the immediate public works assistance provided by this bill as follows:

Type of area	*Number*
5(a) Redevelopment areas	148
5(b) Redevelopment areas (except Indian reservations)	734
5(b) Indian reservations	50
Substantial labor surplus areas	132
Total	1,064

Table I.—Sec. 5(a) Redevelopment Areas

State and area

Alabama:
- Gadsden
- Jasper

Alaska: Anchorage

Arkansas: Camden

California:
- Modesto
- Ukiah

Connecticut:
- Ansonia
- Bristol
- Danielson

Georgia:
- Carrollton
- Cedartown-Rockmart

Illinois:
- Cairo-Metropolis
- Centralia
- Harrisburg
- Herrin-Murphysboro-West Frankfort
- Litchfield
- Mount Vernon

Indiana
- Evansville
- New Castle

Kansas: Pittsburg

Kentucky:
- Corbin
- Danville
- Elizabethtown
- Hazard
- Hopkinsville
- Madisonville
- Middlesboro-Harlan
- Morehead-Grayson
- Paducah
- Paintsville-Prestonsburg
- Pikeville-Williamson
- Richmond

Louisiana:
- Hammond
- Opelousas

Maine: Biddeford-Sanford

Maryland:
- Cambridge
- Cumberland
- Hagerstown

Massachusetts:
- Fall River
- Lowell
- New Bedford

State and area

Massachusetts—Continued
- Newburyport
- North Adams

Michigan:
- Adrian
- Bay City
- Detroit
- Escanaba
- Marquette
- Monroe
- Port Huron
- Traverse City

Minnesota:
- Brainerd-Grand Rapids
- Duluth-Superior
- Hibbing-Virginia

Missouri:
- Flat River
- Washington

Montana:
- Butte
- Kalispell

New Jersey:
- Atlantic City
- Bridgeton
- Lakewood-Toms River
- Long Branch
- Ocean City-Wildwood-Cape May
- Paterson-Passaic

New York:
- Amsterdam
- Auburn
- Gloversville
- Jamestown-Dunkirk
- Ogdensburg-Massena-Malone
- Oneonta
- Plattsburgh
- Schenectady
- Watertown

North Carolina:
- Fayetteville
- Henderson-Oxford
- Kinston
- Lumberton
- Rockingham-Hamlet
- Wilson

Ohio:
- Athens-Logan-Nelsonville
- Batavia-Georgetown-West Union
- Cambridge
- Kent-Ravenna
- Portsmouth-Chillicothe

Table I.—Sec. 5(a) Redevelopment Areas—Continued

State and area

Oklahoma:
- McAlester
- Muskogee
- Okmulgee-Henryetta

Pennsylvania:
- Altoona
- Berwick-Bloomsburg
- Butler
- Clearfield-DuBois
- Erie
- Indiana
- Johnstown
- Kittanning-Ford City
- Lewistown
- Meadville
- New Castle
- Pittsburgh
- Pottsville-Lehighton
- St. Marys
- Sayre-Athens-Towanda
- Scranton
- Sharon-Farrell
- Sunbury-Shamokin-Mount Carmel
- Uniontown-Connellsville
- Wilkes-Barre-Hazleton

Puerto Rico (Commonwealth of):
- Aguadilla
- Arecibo
- Caguas
- Carolina
- Guayama
- Manati
- Mayaguez
- Ponce

State and area

Puerto Rico—Continued
- San Juan
- Yauco

Rhode Island: Providence-Pawtucket

South Carolina: Conway

Tennessee:
- Greeneville
- LaFollette-Jellico-Tazewell
- Harriman-Rockwood

Texas: Laredo

Virginia: Big Stone Gap-Appalachia

Washington:
- Aberdeen
- Anacortes
- Centralia
- Wenatchee
- Yakima

West Virginia:
- Beckley
- Bluefield
- Charleston
- Clarksburg
- Fairmont
- Huntington-Ashland
- Logan
- Morgantown
- New Martinsville
- Oak Hill-Montgomery
- Parkersburg
- Point Pleasant-Gallipolis
- Ronceverte-White Sulphur Springs
- Welch
- Wheeling

Wisconsin: La Crosse

Source: U.S. Department of Commerce, Area Redevelopment Administration.

Table II.—Sec. 5(b) Redevelopment Areas (Excluding Indian Reservation Areas)

State and county name

Alabama:
- Autauga
- Barbour
- Bibb
- Blount
- Bullock
- Butler
- Cherokee
- Chilton
- Choctaw
- Clarke
- Conecuh
- Coosa
- Crenshaw
- Cullman
- Dallas
- De Kalb
- Elmore
- Fayette
- Greene
- Hale
- Jackson
- Lamar
- Limestone

State and county name

Alabama—Continued
- Lowndes
- Macon
- Marengo
- Marshall
- Marion
- Perry
- Pickens
- Russell
- St. Clair
- Shelby
- Sumter
- Washington
- Wilcox
- Winston

Alaska:
- Aleutian Islands: Election district No. 14
- Barrow: Election district No. 21
- Bethel: Election district No. 16
- Bristol Bay: Election district No. 15
- Cordova-McCarthy: Election district No. 7

TABLE II.—SEC. 5(b) REDEVELOPMENT AREAS—Continued

State and county name

Alaska—Continued
- Fairbanks: Election district No. 19
- Kenai-Cook Inlet: Election district No. 12
- Ketchikan: Election district No. 2
- Kobuk: Election district No. 22
- Kodiak: Election district No. 13
- Kuskokwim: Election district No. 17
- Lynn Canal-Icy Straits: Election district No. 6
- Nome: Election district No. 23
- Palmer-Wasilla-Talkeetna:Election District No. 9
- Prince of Wales: Election district No. 1
- Seward: Election district No. 11
- Upper Yukon: Election district No. 20
- Valdez-Chitina-Whittier: Election district No. 8
- Wade Hampton: Election district No. 24
- Wrangell-Petersburg: Election district No. 3
- Yukon-Koyukuk: Election district No. 18

Arizona:
- Apache
- Mohave
- Navajo

American Samoa (Territory of): American Samoa

Arkansas:
- Ashley
- Baxter
- Chicot
- Cleburne
- Conway
- Crittenden
- Desha
- Drew
- Franklin
- Fulton
- Independence
- Izard
- Johnson
- Lee
- Lincoln
- Little River
- Madison
- Marion
- Montgomery
- Newton
- Perry
- Phillips
- Scott
- Searcy
- Sharp
- Stone
- Van Buren
- Woodruff

State and county name

California:
- Del Norte
- Lassen
- Plumas
- San Benito
- Sierra
- Siskiyou
- Trinity

Colorado:
- Alamosa
- Clear Creek
- Conejos
- Costilla
- Gilpin
- Huerfano
- Las Animas

Florida:
- Calhoun
- Franklin
- Holmes
- Jackson
- Jefferson
- Lafayette
- Liberty
- Pasco
- Suwannee
- Walton
- Washington

Georgia:
- Baker
- Baldwin
- Banks
- Barrow
- Brantley
- Bryan
- Bulloch
- Burke
- Calhoun
- Chattahoochee (except Fort Benning)
- Clay
- Crisp
- Dawson
- Dooly
- Dougherty
- Early
- Elbert
- Forsyth
- Franklin
- Glascock
- Gordon
- Habersham
- Hancock
- Hart
- Heard
- Henry
- Jefferson
- Jenkins
- Johnson
- Laurens
- Lee
- Lincoln

TABLE II.—SEC. 5(b) REDEVELOPMENT AREAS—Continued

State and county name

Georgia—Continued
- Lumpkin
- Macon
- Marion
- McIntosh
- Meriwether
- Montgomery
- Oglethorpe
- Pulaski
- Rabun
- Randolph
- Schley
- Screven
- Stewart
- Sumter
- Talbot
- Taliaferro
- Taylor
- Terrell
- Toombs
- Towns
- Twiggs
- Union
- Walton
- Warren
- Washington
- Wayne
- Webster
- Wheeler
- White
- Wilkes
- Worth

Guam (territory of): Guam

Hawaii: Hawaii

Idaho:
- Benewah
- Bonner
- Boundary
- Clearwater
- Idaho
- Kootenai
- Shoshone: Avery-Clarkia census county divisions

Illinois:
- Carroll
- Edwards
- Jersey
- Richland
- Marshall
- Mercer
- Monroe
- Moultrie
- Randolph

Indiana:
- Clark
- Clay
- Crawford
- Dearborn
- Greene
- Harrison
- Jasper
- Jennings
- Lawrence

State and county name

Indiana—Continued
- Martin
- Monroe
- Morgan
- Ohio
- Orange
- Perry
- Pike
- Pulaski
- Ripley
- Scott
- Spencer
- Stark
- Sullivan
- Switzerland
- Vermillion
- Washington

Iowa:
- Appanoose
- Monroe

Kansas: Rice

Kentucky:
- Adair
- Allen
- Barren
- Bath
- Breckinridge
- Butler
- Calloway
- Carlisle
- Clinton
- Crittenden
- Cumberland
- Edmonson
- Fulton
- Green
- Hart
- Hickman
- Lawrence
- Lee
- Lewis
- Livingston
- Logan
- Lyon
- Menifee
- Metcalfe
- McCreary
- Monroe
- Morgan
- Nelson
- Oldham
- Owsley
- Pendleton
- Powell
- Pulaski
- Russell
- Scott
- Shelby
- Simpson
- Warren
- Wayne
- Wolfe

TABLE II.—SEC. 5(b) REDEVELOPMENT AREAS—Continued

State and county name

Louisiana:
- Arcadia
- Allen
- Ascension
- Avoyelles
- East Carroll
- East Feliciana
- Evangeline
- Franklin
- Lafayette
- Livingston
- Madison
- Natchitoches
- Red River
- Sabine
- Tensas
- Vermilion
- Vernon
- Washington
- Webster
- West Carroll

Maine:
- Towns in Aroostook County:
  - Crystal
  - Dyer Brook
  - Hersey Town
  - Island Falls
  - Merrill
  - Moro Plantation
  - Oakfield
  - Sherman
  - Smyrna
  - Hancock County
  - Knox County
  - Lincoln County
- Towns in Penobscot County:
  - Mount Chase Plantation
  - Patten
  - Stacyville
  - Township 2, Route 6, WELS (Herseytown)
- Piscataquis
- Washington

Maryland:
- Cecil
- Garrett
- Somerset

Massachusetts:
- Dukes
- Towns in Plymouth County:
  - Kingston
  - Plymouth
  - Plympton

Michigan:
- Alger
- Antrim
- Arenac
- Baraga
- Benzie
- Charlevoix
- Cheboygan
- Chippewa
- Dickinson

State and county name

Michigan—Continued
- Emmet
- Gogebic
- Gratiot
- Hillsdale
- Houghton
- Huron
- Iron
- Keweenaw
- Lake
- Lapeer
- Livingston
- Luce
- Mackinac
- Manistee
- Mecosta
- Menominee (except townships of Harris, Myer, Spalding)
- Missaukee
- Oceana
- Ontonagon
- Osceola
- Otsego
- Roscommon
- Sanilac
- Tuscola
- Van Buren
- Wexford

Minnesota:
- Beltrami
- Carlton
- Clearwater
- Cook
- Douglas
- Hubbard
- Kanabec
- Koochiching
- Lake
- Lake of the Woods
- Pine
- Roseau

Mississippi:
- Attala
- Amite
- Benton
- Bolivar
- Calhoun
- Carroll
- Chickasaw
- Choctaw
- Claiborne
- Clarke
- Clay
- Copiah
- Covington
- Desoto
- Franklin
- Hancock
- Holmes
- Humphreys
- Issaquena
- Jasper
- Jefferson

TABLE II.—SEC. 5(b) REDEVELOPMENT AREAS—Continued

State and county name

Mississippi—Continued
- Jefferson Davis
- Kemper
- Lafayette
- Lawrence
- Leake
- Leflore
- Lincoln
- Madison
- Marion
- Marshall
- Neshoba
- Newton
- Noxubee
- Oktibbeha
- Panola
- Pike
- Pontotoc
- Quitman
- Sharkey
- Simpson
- Smith
- Sunflower
- Tallahatchie
- Tate
- Tippah
- Tunica
- Walthall
- Warren
- Washington
- Webster
- Wilkinson
- Winston
- Yalobusha
- Yazoo

Missouri:
- Bollinger
- Carter
- Dallas
- Douglas
- Dent
- Grundy
- Hickory
- Howell
- Lafayette
- Mercer
- Ozark
- Oregon
- Pemiscot
- Reynolds
- Ripley
- Shannon
- Stone
- Texas
- Taney
- Wayne
- Wright

Montana:
- Carbon
- Deer Lodge
- Lake
- Ravalli
- Sanders

State and county name

Nebraska:
- Boone
- Buffalo
- Custer
- Dawson
- Garfield
- Greeley
- Howard
- Loup
- Nance
- Sherman
- Valley
- Wheeler

Nevada:
- Lincoln
- Mineral

New Mexico:
- Catron
- Colfax
- Grant
- Guadalupe
- McKinley
- Mora
- Rio Arriba
- Sandoval
- San Juan
- San Miguel
- Santa Fe
- Socorro
- Taos
- Torrance
- Valencia

New York:
- Essex
- Schoharie

North Carolina:
- Alleghany
- Anson
- Ashe
- Avery
- Bertie
- Bladen
- Carteret
- Cherokee
- Chowan
- Clay
- Columbus
- Gates
- Graham
- Hoke
- Hyde
- Lincoln
- Macon
- Madison
- Mitchell
- Northampton
- Person
- Sampson
- Swain
- Warren
- Washington
- Watauga
- Yancey

TABLE II.—SEC. 5(b) REDEVELOPMENT AREAS—Continued

State and county name

Ohio:
- Highland
- Morgan
- Washington

Oklahoma:
- Adair
- Atoka
- Cherokee
- Choctaw
- Coal
- Delaware
- Grady
- Haskell
- Hughes
- Johnston
- Latimer
- Le Flore
- Marshall
- Mayes
- McCurtain
- McIntosh
- Murray
- Nowata
- Ottawa
- Okfuskee
- Pontotoc
- Pushmataha
- Sequoyah
- Wagoner

Oregon:
- Clatsop
- Columbia
- Hood River
- Josephine
- Lincoln
- Sherman
- Wasco
- Yamhill

Pennsylvania:
- Bedford
- Clarion
- Clinton
- Forest
- Fulton
- Greene
- Huntingdon
- Jefferson
- Lycoming
- McKean
- Monroe
- Perry
- Pike
- Potter
- Sullivan
- Susquehanna
- Tioga
- Venango
- Warren
- Wayne
- Wyoming

State and county name

Puerto Rico (Commonwealth of):
- Barranquitas
- Ceiba
- Comerio
- Corozal
- Fajardo
- Humacao
- Las Piedras
- Luquillo
- Maunabo
- Naguabo
- Naranjito
- Orocovis
- Quebradillas
- Salinas
- Trujillo Alto
- Vega Alto
- Vega Baja
- Yabucoa

South Carolina:
- Aiken
- Allendale
- Bamburg
- Barnwell
- Beaufort
- Berkeley
- Calhoun
- Chester
- Chesterfield
- Clarendon
- Colleton
- Darlington
- Dorchester
- Hampton
- Jasper
- Kershaw
- Lancaster
- Lee
- Marlboro
- McCormick
- Orangeburg
- Williamsburg

South Dakota: Shannon

Tennessee:
- Benton
- Bledsoe
- Clay
- Cocke
- Cumberland
- Decatur
- DeKalb
- Dickson
- Fayette
- Fentress
- Grainger
- Grundy
- Hancock
- Hardeman
- Hardin
- Hickman

TABLE II.—SEC. 5(b) REDEVELOPMENT AREAS—Continued

State and county name

Tennessee—Continued
- Houston
- Humphreys
- Jackson
- Johnson
- Macon
- Marion
- McNairy
- Overton
- Perry
- Pickett
- Putnam
- Rhea
- Robertson
- Scott
- Sequatchie
- Sevier
- Smith
- Unicoi
- Union
- Van Buren
- Wayne
- White

Texas:
- Anderson
- Angelina
- Bowie
- Camp
- Cass
- Cherokee
- Delta
- Dimmit
- Franklin
- Freestone
- Gregg
- Harrison
- Henderson
- Hopkins
- Houston
- Jasper
- Kenedy
- Lamar
- Leon
- Limestone
- Madison
- Marion
- McCulloch
- Montgomery
- Morris
- Nacogdoches
- Newton
- Panola
- Polk
- Rains
- Red River
- Robertson
- Rusk
- Sabine
- San Augustine
- San Jacinto
- Shelby
- Smith
- Terrell

State and county name

Texas—Continued
- Titus
- Trinity
- Tyler
- Upshur
- Val Verde
- Van Zandt
- Waller
- Wood
- Zapata

Utah:
- Beaver
- Carbon
- Emery
- Garfield
- Juab
- Sanpete
- Summit
- Wasatch

Virginia:
- Buchanan
- Carroll
- Cumberland
- Dickenson
- Fluvanna
- Grayson
- Russell
- Scott

Virgin Islands (Territory of the): Virgin Islands

Washington:
- Clallam
- Ferry
- Jefferson
- Kittitas
- Okanogan
- Pend Oreille
- Pacific
- San Juan
- Stevens

West Virginia:
- Braxton
- Calhoun
- Clay
- Gilmer
- Grant
- Hampshire
- Hardy
- Lewis
- Lincoln, except Harts Creek District
- Morgan
- Nlcholas
- Pendleton
- Pocahontas
- Preston
- Randolph
- Roane
- Summers
- Tucker
- Upshur
- Webster
- Wyoming

Table II.—Sec. 5(b) Redevelopment Areas—Continued

State and county name	*State and county name*
Wisconsin:	Wisconsin—Continued
Ashland	Oneida
Bayfield	Portage
Burnett	Price
Door	Rusk
Florence	Sawyer
Forest	Taylor
Iron	Vilas
Juneau	Washburn
Langlade	Wyoming
Lincoln	Big Horn
Marinette	Lincoln
Menominee	

Source: U.S. Department of Commerce, Area Redevelopment Administration.

Table III.—Sec. 5(b) Redevelopment Areas; Indian Reservation Areas

State	Reservation	County
Alaska	Bristol Bay area, Norton Sound area, Cook Inlet area, Southeast area.	
Arizona	Colorado River	Yuma (Ariz.), parts of Riverside and San Bernardino (Calif.).
	Fort Apache	Apache, Gila, Navajo.
	Gila River	Pinal, Maricopa.
	Hopi	Navajo, Coconino.
	Navajo	Apache, Coconino, Navajo (Ariz.), McKinley (N. Mex.), San Juan (N. Mex.), San Juan (Utah).
	Papago	Maricopa, Pima, Pinal.
	San Carlos	Gila, Graham, Pinal.
	Salt River	Maricopa.
Idaho	Fort Hall	Bannock, Bingham, Caribou, Power.
	Nez Perce	Clearwater, Idaho, Lewis, Nez Perce.
Minnesota	Northern Minnesota reservation area (Leech Lake, Nett Lake, Red Lake, and White Earth).	Beltrami, Becker, Cass, Clearwater, Itasca, Koochiching, Mahnomen, St. Louis.
Mississippi	Choctaw	Attala, Jones, Leake, Neshoba, Newton, Kemper, Scott.
Montana	Blackfeet	Pondera, Glacier.
	Crow	Yellowstone, Big Horn.
	Flathead	Missoula, Flathead, Lake, Sanders.
	Fort Belknap	Blaine, Phillips.
Montana	Fort Peck	Roosevelt, parts of Valley, Daniels, Sheridan.
	Northern Cheyenne	Big Horn, Rosebud.
	Rocky Boys	Chouteau, Hill.
Nebraska	Omaha-Winnebago	Mainly Thurston, parts of Burt, Cuming, Dixon.
Nevada	Pyramid Lake	Washoe, part.
New Mexico	Acoma	Valencia.
	Isleta Pueblo	Bernalillo and part of Valencia.
	Laguna Pueblo	Valencia and parts of Bernalillo, Sandoval.
	Jemez	Sandoval.
	Jicarilla	Rio Arriba, small part in Sandoval.
	Mescalero	Otero.
	Ramah	McKinley, Valencia.
	Santo Domingo	Rio Arriba, Sandoval, Santa Fe.
	Zuni	McKinley, Valencia.
North Carolina	Eastern Cherokee	Graham, Jackson, Swain.
North Dakota	Fort Berthold	Dunn, McKenzie, McLean, Mercer, Mountrail.
	Fort Totten or Devils Lake	Mainly Benson and Eddy, parts of Nelson Ramsey.
	Standing Rock Sioux	Sioux (N. Dak.), Corson (S. Dak.).
	Turtle Mountain	Rolette.
Oregon	Warm Springs	Wasco, Jefferson, Clackamas, Marion, Linn.
South Dakota	Cheyenne River	Mainly Dewey and Ziebach, parts of Haakon, Meade, Perkins, Stanley.
	Crow Creek-Lower Brule	Mainly Buffalo and Hughes, parts of Brule and Hyde, Lyman, Stanley.
South Dakota	Pine Ridge	Bennett, Shannon, Washabaugh.
	Rosebud	Mainly Todd, parts of Mellette, Tripp, Gregory.
	Sisseton	Mainly Marshall and Roberts (S. Dak.), parts of Sargent, Richland (N. Dak.).
	Yankton	Charles Mix, Bon Homme.

TABLE III.—SEC. 5(b) REDEVELOPMENT AREAS; INDIAN RESERVATION AREAS—Continued

State	Reservation	County
Utah	Uintah and Ouray	Mainly Duchesne, parts of Grand, Uintah, Wasatch.
Washington	Colville	Mainly Perry, Okanogan, part of Stevens.
	Yakima	Mainly Yakima, part of Klickitat.
Wisconsin	Northwestern Wisconsin reservation area (Bad River, Lac Courte Greilles, Lac du Flambeau, Red Cliff, and St. Croix).	Ashland, Bayfield, Burnett, Iron, Oneida, Polk, Sawyer, Vilas.
Wyoming	Wind River	Mainly Fremont, part of Hot Springs.

Source: U.S. Department of Commerce, Area Redevelopment Administration.

TABLE IV.—AREAS OF RELATIVELY CONTINUOUS SUBSTANTIAL UNEMPLOYMENT,[1] APRIL 1962

41 MAJOR AREAS

Alabama	Birmingham, Mobile.
California	Fresno, Los Angeles-Long Beach, San Bernardino-Riverside-Ontario, San Diego, Stockton.
Connecticut	Bridgeport, New Britain, Waterbury.
Florida	Miami.
Indiana	South Bend, Terre Haute.
Kentucky	Louisville.
Louisiana	Baton Rouge, New Orleans.
Massachusetts	Brockton, Lawrence-Haverhill, Springfield-Chicopee-Holyoke.
Michigan	Battle Creek, Muskegon-Muskegon Heights.
Missouri	Kansas City.
New Jersey	Jersey City, Newark, New Brunswick-Perth Amboy.
New York	Buffalo, Utica-Rome.
North Carolina	Asheville, Durham.
Ohio	Canton, Hamilton-Middletown, Lorain-Elyria, Toledo, Youngstown-Warren.
Oregon	Portland.
Pennsylvania	Philadelphia.
Tennessee	Chattanooga, Knoxville.
Texas	Beaumont-Port Arthur.
Washington	Spokane, Tacoma.

91 SMALLER AREAS

Alabama	Anniston, Talladega.
Arkansas	Camden.
California	Eureka, Oxnard.
Colorado	Pueblo.
Connecticut	Meriden, Middletown, Norwich, Torrington, Willimantic.
Delaware	Dover.
Florida	Fort Lauderdale-Hollywood, Sarasota-Bradenton.
Georgia	Griffin, Toccoa.
Illinois	Canton, Danville, Decatur, Galesburg, Kankakee, La Salle, Mattoon.
Indiana	Connersville, Michigan City-La Porte, Muncie, Vincennes.
Kansas	Coffeyville-Independence-Parsons.
Kentucky	Owensboro.
Louisiana	Alexandria, Lake Charles.
Maine	Lewiston-Auburn.
Massachusetts	Milford, Newburyport.

See footnote at end of table, p. 34.

TABLE IV.—AREAS OF RELATIVELY CONTINUOUS SUBSTANTIAL UNEMPLOYMENT,[1] APRIL 1962—Continued

Michigan	Holland-Grand Haven, Ionia-Belding-Greenville, Iron Mountain, Jackson, Mount Pleasant, Sturgis.
Mississippi	Biloxi-Gulfport, Greenville, Laurel, Tupelo.
Missouri	Cape Girardeau.
Nevada	Las Vegas.
New Jersey	Newton.
New York	Batavia, Corning-Hornell, Elmira, Glens Falls-Hudson Falls, Newburgh-Middletown-Beacon, Olean-Salamanca, Wellsville.
North Carolina	Fayetteville, Forest City-Rutherfordton, Greenville, Hendersonville, Lumberton, Mount Airy, North Wilkesboro, Rocky Mount, Waynesville, Wilson.
Ohio	Ashtabula-Conneaut, Athens, East Liverpool-Salem, Fremont, Kent-Ravenna, Mount Vernon, New Philadelphia-Dover, Sandusky, Zanesville.
Oklahoma	Ardmore, Shawnee.
Oregon	Klamath Falls, North Bend-Coos Bay, Roseburg.
Pennsylvania	Bradford, Lock Haven, Oil City-Franklin-Titusville, Warren, Williamsport.
Tennessee	Bristol-Johnson City-Kingsport, Cleveland.
Texas	Texarkana.
Utah	Provo-Orem.
Virginia	Covington-Clifton Forge.
Washington	Bellingham.
West Virginia	Martinsburg.
Wisconsin	Marinette-Menominee.

[1] Areas which are not designated as redevelopment areas, but which have been classified as areas of substantial unemployment for at least 9 months during the year ending April 1962. Unemployment in areas classified as areas of substantial unemployment usually represents 6 percent or more of the local labor force, discounting seasonal or temporary factors and where the outlook gives no indication of improvement in the near future.

Source: U.S. Department of Labor, Bureau of Employment Security, U.S. Employment Service, Washington, D.C.

SECTION-BY-SECTION EXPLANATION OF THE BILL AS REPORTED

SHORT TITLE

The first section of the bill provides that it shall be cited as the "Public Works Acceleration Act."

POLICY AND PURPOSES

Section 2 contains a general statement of the policy and purposes of the legislation.

Subsection (a) establishes a finding by Congress that certain communities and areas suffering from unemployment and underemployment have failed to share in recent economic gains and that Federal action is necessary to provide immediately useful work for the unemployed and underemployed of these communities as well as aiding these communities to develop industrially through the improvement of their facilities.

Subsection (b) is a further congressional finding that the stimulation of public works by the Federal Government is most urgently needed in those areas which are redevelopment areas because of persistent and chronic unemployment and economic underdevelopment as well as those areas which have for a period of at least 12 months suffered from substantial unemployment.

Subsection (c) establishes as a further purpose of the legislation the provision of necessary machinery to keep Congress and the President informed on the status of public works construction and planning, as well as the encouragement of local agencies to develop capital improvement programs. Thus, if unemployment indicators reveal the start of an economic downturn, necessary plans will be available on which to base any action to stimulate the economy by starting public works construction programs.

OFFICE OF PUBLIC WORKS COORDINATION AND ACCELERATION

Section 3 establishes an Office of Public Works Coordination and Acceleration to be administered by a Director with a Deputy Director as an assistant. Both are to be appointed by the President with the advice and consent of the Senate. The Director to receive $20,000 per year as compensation and the Deputy Director $18,500 per year.

FUNCTIONS AND DUTIES OF THE DIRECTOR OF PUBLIC WORKS COORDINATION AND ACCELERATION

Section 4 requires the Director to encourage coordination of planning policies for public works construction in the United States. In order to do this he is required to collect information both from Federal

and State and local governmental agencies having authority to construct public works and to review that information for the purpose of determining (1) what public works have been or are being planned and constructed, (2) what public works are required to meet national, regional, and community growth and economic development, (3) what the present policies are which are presently being followed by these various departments, agencies, and instrumentalities, and (4) the extent to which these policies should be coordinated with an overall policy with respect to public works planning and construction, together with the methods for such coordination. The section further requires the Director to report to the President and Congress at least annually on all public works in the process of being constructed, those which have been or are being planned, and those which should be planned. In addition, the report must contain the public works plan required to be prepared and kept current by section 8 of the bill, together with any other recommendations which the Director feels necessary relating to the planning and coordination of public works.

COOPERATION

Section 5 requires the Director to cooperate fully with all departments, agencies, and instrumentalities of State and local governments in order to insure maximum planning and coordination of public works projects at all levels of government.

RULES AND REGULATIONS

Section 6 authorizes the Director to make necessary rules and regulations to carry out his duties and functions under the act.

ADVISORY COMMITTEES

Subsection (a) of section 7 authorizes the Director to establish whatever advisory committees and to consult with whomever he determines necessary to carry out his duties under the act.

Subsection (b) of this section requires the Director to utilize existing governmental and nongovernmental services, facilities, and information to the fullest extent possible in order to avoid unnecessary duplication of effort and expense. Federal governmental agencies are required to furnish the Director with services, facilities, and information on a nonreimbursable basis.

PUBLIC WORKS PLAN

Subsection (a) of section 8 of the bill requires the Director to prepare and thereafter to keep at all times current a public works plan. The basic purpose of the plan is to provide for the acceleration of the construction of public works necessary to increase employment and stabilize the economy when needed because of declining economic activity.

Subsection (b) of this section requires the public works plan to provide (1) for acceleration of Federal public works projects authorized by Congress and (2) the acceleration of public works projects of State and local governments for which Federal financial assistance is authorized in provisions of law other than this bill. In the case of

public works projects referred to in the preceding sentence, the plan must give priority to those projects which can be started or accelerated within a reasonably short time, which meet essential public needs, and which contribute significantly to the reduction of unemployment.

ACCELERATION OF PUBLIC WORKS

Subsection (a) of section 9 of the bill defines for the purposes of this section the term "eligible area." This term is defined to mean those areas which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least 9 of the preceding 12 months and those areas which are designated by the Secretary of Commerce under the Redevelopment Act as "redevelopment areas."

Subsection (b) of this section authorizes the President to initiate and accelerate within eligible areas direct Federal public work construction of projects authorized by Congress as well as public works projects of States and local governments for which Federal financial assistance is authorized under provisions of law other than this bill. The President is to so initiate and accelerate these projects by allocating funds appropriated to carry out this section to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for Federal public works construction and to the heads of those Federal departments, agencies, and instrumentalities responsible for administering laws authorizing Federal financial assistance to public works projects of States and local governments.

Subsection (c) provides that the head of a Federal department, agency, or instrumentality making grants-in-aid from funds allocated by the President under this section shall make such grants-in-aid, with certain exceptions, in accordance with the provisions of law authorizing the grants. The exceptions to this general rule are (1) provisions requiring allocation of funds among the States are not to be applicable to these allocations, (2) limitations upon total amounts of the grants for any particular period are not to be applicable, and (3) grants-in-aid may be made under this section bringing the total of all Federal contributions to the public works project up to 50 percent of the cost of the project notwithstanding any limitation in any other law that the Federal contribution for such project be less than 50 percent of its cost.

Subsection (d) authorizes the appropriation of not more than $900 million to be allocated by the President in accordance with subsection (b) of this section, with the additional requirement that not less than $300 million of the total amount of $900 million be allocated for public works projects in areas designated by the Secretary of Commerce as rural redevelopment areas under section 5(b) of the Area Redevelopment Act. If there is an appropriation of less than $900 million, at least one-third of the appropriated amount shall be allocated for projects in rural redevelopment areas.

Subsection (e) of this section provides authority to the President to prescribe necessary rules, regulations, and procedures to carry out this section and requires him to consider in prescribing such rules, regulations, and procedures, among other relevant factors, the severity of the rates of unemployment, the duration of the unemployment, and the income levels of the families and the extent of unemployment in eligible areas.

Subsection (f) establishes that funds allocated by the President under this section shall be available only for projects (1) which can be initiated or accelerated within a reasonable period of time; (2) which meet an essential public need; (3) a substantial portion of which can be completed within a year after initiation or acceleration; (4) which will contribute significantly to reduction of local unemployment; and (5) which are not inconsistent with locally approved comprehensive plans for the jurisdiction affected to the extent such plans exist.

Subsection (g) of this section requires that not more than 10 percent of all amounts allocated by the President under this section shall be made available for public works within any one State.

Subsection (h) establishes the requirement that the criteria to be used by the Secretary of Labor in determining areas of substantial unemployment for the purposes of this section shall be the same as those which have been established in section 6.3 of title 29 of the Code of Federal Regulations as in effect May 1, 1962. These are the criteria established for the purpose of issuing determinations of areas of substantial unemployment as required by Executive Order 10582 issued by virtue of the Buy American Act and related statutes.

INCREASE OF STATE OR LOCAL EXPENDITURES

Section 10 prohibits any part of an allocation made by the President under this bill from being made available during any fiscal year to any State or local government unless the proposed or planned total expenditure (exclusive of Federal funds) of such State or local government for all of its capital improvement projects is increased by an amount approximately equal with the non-Federal funds required for such public works project. Thus if a State has a budget of $1 million for public works for a particular fiscal year and receives a grant-in-aid of $50,000 for a project from funds allocated by the President under the Public Works Acceleration Act, with a State contribution required for such project of $50,000, the State must increase its budget for that fiscal year for public works by approximately $50,000 to a total of $1,050,000.

HOUSING AMENDMENTS OF 1955

Subsection (a) of section 11 amends section 202(a)(4) of the Housing Amendments of 1955. This amendment provides that section 202(a)(4) (prohibiting financial assistance under section 202(a)(1) to political subdivisions having a population of 50,000 or more) shall not apply to public works projects initiated or accelerated as a result of a grant made from an allocation made by the President under section 9 of the Public Works Acceleration Act.

Subsection (b) of section 11 adds a new subsection (e) at the end of section 202 of the Housing Amendments of 1955. This new subsection authorizes the Housing and Home Finance Administrator to make a grant-in-aid from any allocation made by the President for that purpose under section 9 of the Public Works Acceleration Act to any public entity eligible for a loan under section 202(a)(1) of the Housing Amendments of 1955 of not to exceed 50 percent of the construction costs of the public works project if the project would be eligible to receive financial assistance under section 202(a)(1) in

accordance with the rules and regulations of the Administrator in effect on the date of enactment of this subsection, but without regard to the restrictions and limitations on project eligibility contained in subsections (b) and (c) of section 202.

HOUSING ACT OF 1954

Section 12 amends section 702 of the Housing Act of 1954 by adding a new subsection (g) at the end thereof. This new subsection would waive the requirement of section 702 that advances for planning made by the Housing and Home Finance Administrator be repaid upon commencement of construction in those cases where the commencement of construction is the result of a grant-in-aid made by the President under the Public Works Acceleration Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 202 OF THE HOUSING AMENDMENTS OF 1955 (PUBLIC LAW 345, 84TH CONG.)

FEDERAL LOANS

SEC. 202. (a) The Housing and Home Finance Administrator is authorized (1) to purchase the securities and obligations of, or make loans to, municipalities and other political subdivisions and instrumentalities of States (including public agencies and instrumentalities of one or more municipalities or other political subdivisions in the same State), to finance specific projects for public works or facilities under State, municipal, or other applicable law, and (2) to purchase the securities and obligations of, or make loans to, States, municipalities and other political subdivisions of States, public agencies and instrumentalities of one or more States, municipalities and political subdivisions of States, and public corporations, boards, and commissions established under the laws of any State, to finance the acquisition, construction, reconstruction, and improvement of facilities and equipment for use, by operation or lease or otherwise, in mass transportation service in urban areas, and for use in coordinating highway, bus, surface-rail, underground, parking and other transportation facilities in such areas. The facilities and equipment referred to in clause (2) may include land, but not public highways, and any other real or personal property needed for an economic, efficient, and coordinated mass transportation system. No such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses.

(b) The powers granted in subsection (a) of this section shall be subject to the following restrictions and limitations:

(1) No financial assistance shall be extended under this section unless the financial assistance applied for is not otherwise available on reasonable terms, and all securities and obligations purchased and all loans made under this section shall be of such sound value or so secured as reasonably to assure retirement or repayment, and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations or otherwise.

(2) No securities or obligations shall be purchased, and no loans shall be made, including renewals or extensions thereof, which have maturity dates in excess of forty years. Subject to such maximum maturity, the Administrator in his discretion may provide for the post-

ponement of the payment of interest on not more than 50 per centum of any financial assistance extended to an applicant under this section for a period up to ten years where (A) such assistance does not exceed 50 per centum of the development cost of the project involved, and (B) it is determined by the Administrator that such applicant will experience above-average population growth and the project would contribute to orderly community development, economy, and efficiency; and any amounts so postponed shall be payable with interest in annual installments during the remaining maturity of such assistance.

(3) Financial assistance extended under this section shall bear interest at a rate determined by the Administrator which shall be not more than the higher of (A) 3 per centum per annum, or (B) the total of one-half of 1 per centum per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in section 203(a).

(4) No financial assistance shall be extended under clause (1) of subsection (a) of this section to any municipality or other political subdivision having a population of fifty thousand or more (one hundred fifty thousand or more in the case of a community situated in an area designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act) according to the most recent decennial census, or to any public agency or instrumentality of one or more municipalities or other political subdivisions having a population (or an aggregate population) equal to or exceeding that figure according to such census. *This paragraph shall not apply to any financial assistance to be extended under subsection (a) of this section for the purpose of financing any project for public works or facilities to be initiated or accelerated as the result of a grant-in-aid from an allocation made by the President under section 9 of the Public Works Acceleration Act.*

(c) In the processing of applications for financial assistance under clause (1) of subsection (a) of this section the Administrator shall give priority to applications of smaller municipalities for assistance in the construction of basic public works (including works for the storage, treatment, purification, or distribution of water; sewage, sewage treatment, and sewer facilities; and gas distribution systems) for which there is an urgent and vital public need. As used in this section, a "smaller municipality" means an incorporated or unincorporated town, or other political subdivision of a State, which had a population of less than ten thousand inhabitants at the time of the last Federal census.

(d) No loans may be made for transportation facilities or equipment, pursuant to clause (2) of subsection (a) of this section, unless the Administrator determines (1) that there is being actively developed (or has been developed) for the urban or other metropolitan area served by the applicant a program, meeting criteria established by him, for the development of a comprehensive and coordinated mass transportation system; (2) that the proposed facilities or equipment can reasonably be expected to be required for such a system; and (3) if such program has not been completed, that there is an urgent need for the provision of the facilities or equipment to be commenced prior to the time that the program could reasonably be expected to be completed: *Provided,* That no such loan shall be made, except under a prior commitment, after December 31, 1962.

(*e*) *The Administrator is authorized to make a grant-in-aid from any allocation made for such purpose by the President under section 9 of the Public Works Acceleration Act to any public entity described in clause (1)*

of subsection (a) of this section of not to exceed 50 per centum of the cost of construction of any project for public works or facilities, if such project would be eligible (without regard to the restrictions and limitations of subsections (b) and (c) of this section) for financial assistance under clause (1) of subsection (a) of this section in accordance with the rules and regulations of the Administrator (as in effect on the date of enactment of this subsection) relating to the types of public works and facilities to which such assistance may be extended.

SECTION 702 OF THE HOUSING ACT OF 1954

(Public Law 560, 83d Cong.)

RESERVE OF PLANNED PUBLIC WORKS

SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain at all times a current and adequate reserve of planned public works the construction of which can rapidly be commenced, particularly when the national or local economic situation makes such action desirable, and (2) to help attain maximum economy and efficiency in the planning and construction of public works, the Administrator is hereby authorized to make advances to public agencies (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: *Provided,* That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned: *And provided further,* That advances outstanding to public agencies in any one State shall at no time exceed 12½ per centum of the aggregate then authorized to be appropriated to the revolving fund established pursuant to subsection (e) of this section.

(b) No advance shall be made hereunder with respect to any individual project, including a regional or metropolitan or other area-wide project, unless (1) it is planned to be constructed within or over a reasonable period of time considering the nature of the project, (2) it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and (3) the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.

(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: *Provided,* That if the public agency undertakes to construct only a portion of a planned public work it shall repay such proportionate amount of the advances relating to the public work as the Administrator determines to be equitable: *And provided further,* That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per cen-

tum per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency.

(d) The Administrator is authorized to prescribe rules and regulations to carry out the purpose of this section.

(e) In order to provide moneys for advances in accordance with this section, the Administrator is hereby authorized to establish a revolving fund which shall comprise all moneys heretofore or hereafter appropriated pursuant to this section, together with all repayments and other receipts in connection with advances made under this section. There are hereby authorized to be appropriated to such revolving fund, in addition to the amount authorized by this section as originally enacted, the further amounts of $12,000,000 which may be made available to the revolving fund on or after July 1, 1956; $12,000,000 which may be made available to such fund on or after July 1, 1957; $14,000,000 which may be made available to such fund on or after July 1, 1958; $10,000,000 which may be made available to such fund on or after July 1, 1961; and such additional sums which may be made available from year to year thereafter as may be estimated to be necessary to maintain not to exceed a total of $58,000,000 in undisbursed balances in the revolving fund and in advances outstanding for plans in preparation or for completed plans with respect to projects which, in the determination of the Administrator, can be expected to be undertaken within a reasonable period of time.

(f) The Administrator is authorized to use during any fiscal year not to exceed $50,000 of the moneys in the revolving fund (established under subsection (e), to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State and local public works: *Provided*, That the Administrator, in conducting any such survey, may utilize or act through any Federal department or agency with its consent.

(*g*) *Notwithstanding any other provision of this section, no advance made under this section for the planning of any public works project shall be required to be repaid if construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act.*

MINORITY VIEWS ON H.R. 10113

We are opposed to the enactment of H.R. 10113 for the following reasons:

1. The bill will not accomplish its stated purpose to provide immediate work for a substantial number of unemployed and underemployed persons.

2. The Congress should not authorize the appropriation of additional funds to construct public works for the purpose of creating jobs when unobligated balances of existing appropriations, in the billions of dollars, are available for other programs which produce employment and which are not being used by the administration.

3. A new Federal agency, called the Office of Public Works Coordination and Acceleration, would be created, which agency would serve no useful purpose that could not be better performed by existing agencies, and which may seriously encroach upon and even supersede the authority of existing Federal departments and agencies, including, among others, the Departments of Defense, Agriculture, Commerce, Interior, and Health, Education, and Welfare, the Housing and Home Finance Agency, and General Services Administration, and which may emasculate the Congress in its traditional role of determining what public works programs and projects shall be undertaken by the Federal Government and the policies relative thereto.

4. Expenditure of the $900 million authorized to be appropriated by the bill will necessitate deficit financing and will contribute to the necessity for increasing the public debt ceiling.

5. The Federal share of the cost of public works projects of State and local governments, to be paid from funds authorized to be appropriated by the bill, would increase to 50 percent when the Congress has determined under existing law that the Federal contribution is to be less than 50 percent.

6. Public works projects of municipalities, counties, and any other political subdivisions and instrumentalities of States which, under existing law, are eligible for interest-bearing loans from the Community Facilities Administration will, under H.R. 10113, be eligible for Federal grants, from funds authorized to be appropriated by the bill, for 50 percent of the cost of such projects, even though the Congress may never have authorized Federal grants-in-aid for projects of the types undertaken. Also, other public works which under existing law are eligible only for Federal loans or for grants for planning or studies may be eligible under this bill for Federal grants for construction.

7. This bill would delegate to the President the power and authority of the Congress to authorize new Federal grant-in-aid programs and projects, and, through this new all-inclusive civil and military Federal and local public works blanket authorization, to select the Federal and federally assisted programs and projects to be constructed, and to determine the amounts of money to be appropriated therefor.

An Accelerated Public Works Program Will Not Provide Needed Immediate Employment

Public works construction has never been effective in achieving anticyclical results during an economic recession. Public works programs take so long to get going that they generally do not provide much additional employment until recovery is well underway. Public works projects of any size require a considerable period of time for the making of surveys, economic and engineering studies, preparation of plans and specifications, acquisition of land, and the advertising for bids, all of which must be accomplished before contracts can be awarded and actual construction commenced. Even additional time may be required for the commencement of Federal-aid projects by States and local governments, for it is necessary to establish criteria for Federal grants, receive requests for assistance, determine which projects are to be assisted, and assure that the State or local government has adequate funds to pay its share of the cost of the project. Depending on the size, type, and existing status of projects, there may be an elapse of from several months to 2 or more years between the time that a project is financed and work is actually commenced, and the creation of new jobs will be deferred accordingly.

The only partially successful antirecession public works construction program undertaken during the postwar recessions was the expenditure of $400 million for Federal-aid highway construction authorized by the Federal-Aid Highway Act of 1958. This act, which was approved on April 16, 1958, required contracts to be awarded prior to December 1, 1958, for completion of projects by December 1, 1959. Many of the highway improvements undertaken under this authority consisted of work which did not require extensive engineering or acquisition of rights-of-way, such as resurfacing of highways and widening of shoulders. However, even in carrying out this simple program, an average of 4 months elapsed between the time that projects were programed and contracts awarded for construction.

On January 13, 1961, Maurice H. Stans, Director of the Bureau of the Budget, transmitted to the President a staff report entitled, "Federal Fiscal Behavior During the Recession of 1957–58." In this report Mr. Stans reviewed the fiscal policies in effect and the fiscal actions taken in the 1958 recession and the results obtained therefrom. Among the major findings of the report are that the fiscal actions of the Government which gave the biggest boost to the economy in 1958 were the built-in stabilizers, such as automatic decreases in income tax revenues and automatic increases in unemployment benefits; whereas, many of the deliberate countercyclical actions including some of the largest in terms of expenditures, made a small contribution in relation to their budget cost or were poorly timed. Even though the 1958 antirecession highway construction program has been referred to frequently as a possible exception to the unsatisfactory role of public works in creating jobs to combat a recession, this report points out that that antirecession highway construction program entailed high Federal expenditures for the amount of immediate employment created. A study of this report should convince anyone of the folly of relying upon the acceleration of public works to provide immediate work for the unemployed.

Most public works will not provide many jobs for persons who are presently unemployed. Much of the cost of projects goes into the

purchase of materials and equipment and for the employment of professional and skilled persons who are not among the large group of unemployed.

Not only are public works projects, by their very nature, slow to start, but once started they cannot be readily stopped. According to the administration, we are now supposed to be in a period of recovery, with employment constantly improving according to the latest figures. The Department of Labor has reported that during March, April, and May of this year unemployment declined from 4,543,000 to 3,719,000 persons. This is an increase of 824,000 jobs, which is more than 6 times the number of jobs that may be created by expenditure of the $900 million authorized by this bill. If the peak impact of the public works construction program under H.R. 10113 comes during a period of recovery, rather than during the preceding recession, it can create problems greater than those it was designed to remedy by contributing substantially to inflation.

It should be pointed out that the funds authorized to be appropriated by H.R. 10113 will be available only for projects which can be initiated or accelerated within a reasonably short period of time and which can be substantially completed within 12 months thereafter. Thus, Federal assistance under this bill will be limited principally to small projects, which may be much lower in priority of needs and public benefits than other public works projects that are larger in size and would require more time to complete. Furthermore, such smaller projects are seldom found in large metropolitan areas where the need is greatest for the creation of employment opportunities.

To meet the requirement for substantial completion of construction within 1 year, most projects will have to be completed during a single construction season. In many northern areas of the country the construction season extends generally from May through October. This means that by the time this bill is enacted into law, if such be the case, and the necessary engineering, land acquisition, and other necessary work is accomplished preliminary to the awarding of contracts for the construction of projects, little, if any, construction work can actually get underway in these sections of the country before the spring of 1963 and no immediate employment will result.

There is also built into the language of H.R. 10113 another obstacle to the early undertaking of projects by many communities. Section 10 of the bill provides that no funds authorized to be appropriated shall be made available to any State or local government unless the proposed or planned total expenditures of such State or local government during the fiscal year for all its capital improvement projects is increased by an amount approximately equal to the non-Federal funds required to be made available for such public works projects. The purpose of this provision is meritorious in that it is designed to increase public works construction by preventing States and local governments from merely transferring funds from public works now planned to other projects to be financed under H.R. 10113, particularly if the Federal share of the cost of the H.R. 10113 project is greater. However, this provision may make it impossible for many communities to receive grants under this bill. State and local government budgets are generally approved annually or biennially, and revenues to finance such budgets are provided by legislative assemblies which may meet only for short annual or biennial sessions. In many

instances it may be impossible for States and local governments to make changes in their budgets and to provide necessary additional financing so as to become eligible for grants under this bill.

It is appropriate to examine the anticipated results which might be obtained by the most optimum expenditure of the $900 million authorized by this bill. It is unlikely that any expenditures could be made during the remaining month of this fiscal year. Based upon the President's estimate of expenditure rates which would result from the $600 million immediate public works construction program he recommended to the Congress, it is assumed that the expenditure of Federal funds resulting from the early enactment of H.R. 10113, and the immediately subsequent appropriation of the $900 million authorized, would be approximately $500 million in fiscal year 1963, and $400 million in fiscal year 1964. According to the most optimistic testimony of Mr. George Meany, president of the AFL–CIO, when he appeared before the Committee on Public Works in support of this bill, each $1 million of construction expenditures will create about 100 onsite and offsite jobs and about 150 other jobs in consumer industries and in wholesale and retail trades for a period of 1 year, or a total of approximately 250 jobs for 1 year. Applying these figures to the estimated expenditures of the Federal funds authorized by this bill, approximately 50,000 onsite and offsite jobs and 75,000 additional jobs in consumer industries and wholesale and retail trades, or a total of 125,000 jobs, would be created during the peak fiscal year of 1963 and would continue through most of fiscal year 1964. When viewed in light of the national unemployment of 3,719,000 persons in May 1962, it is obvious that this bill will merely scratch the surface in providing work for the millions of persons now unemployed. In fact, the 125,000 persons who may receive employment for a period of a little less than 2 years as a result of the expenditure of this $900 million is only about 3 percent of the total unemployed. There is no assurance that even this small increase in employment will result. If the financing provided by this bill is merely substituted for State and local financing for projects which would be constructed anyway, there will be no increase in employment. And this is a real likelihood, for State and local government financing of public facilities has continued to set new records, with sales of new issues of State and municipal bonds increasing from $4.4 billion in 1952 to over $8.3 billion in 1961.

The Congress, and the people, should not be misled into believing that this bill will provide any appreciable solution to the serious unemployment problem in this country. It is true that some jobs will be created, but they will be too little in number and too late in time to be of material help to those who are so desperately in need of employment now. Enactment of this bill will accomplish nothing more than to create the false impression that something of real significance is being done to relieve unemployment—and that is not the case.

Available Funds Have Not Been Used

It is incongruous for the President to ask the Congress to give him such vast new authority and to authorize additional funds to accelerate construction of public works when the administration has deliberately avoided obligating funds already appropriated by the Congress for

other programs which could produce far more employment than that which will result from expenditure of the $900 million authorized by this bill.

There are presently billions of dollars of obligational authority available to the President, the expenditure of which would greatly stimulate the economy and substantially relieve unemployment. However, for reasons known only to the administration, it has withheld, deferred, or substantially limited the obligation of funds for many programs. At the hearings on this bill, particular reference was made to the following unobligated balances of specific appropriations which are available to the administration for programs that could afford direct and substantial relief for unemployment, but which the administration has not used:

	Available for obligation during fiscal 1962	Amounts obligated at time of hearing or estimated to be obligated by end of fiscal 1962	Unobligated balance
Veterans' Administration direct loans	$500	$200	$300
Loans for public facilities, Community Facilities Administration	650	150	500
Urban renewal	2,000	600	1,400
Maritime Administration, for ship building	153	89	64
Area Redevelopment Act, for grants and loans for construction of public facilities	90	1	89
Farmers Home Administration, housing loan program	[1] 430	95	335
Total	3,823	1,135	2,688

[1] Available for obligation during fiscal years 1962 through 1965.

NOTE.—Figures are rounded to nearest million dollars.

We fail to see any reason to give the President authority to expend an additional $900 million for public works, in any way that he sees fit, when there is now available more than $2½ billion for the above six programs which the administration has failed to use and which could produce jobs in the construction of homes, other buildings, ships, and public works, more quickly and in greater number than would result from expenditure of the $900 million authorized by this bill.

CREATION OF A NEW FEDERAL AGENCY

H.R. 10113 will establish a new Federal agency to be called the Office of Public Works Coordination and Acceleration and to be administered by a Director of Public Works Coordination and Acceleration. The Director and a Deputy Director are to be appointed by the President, by and with the advice and consent of the Senate. The Director will receive $20,000 per annum, which is the salary of an assistant Cabinet officer, and the Deputy Director will receive $18,500. There will also be an unestimated number of other officials and employees for this new agency.

The Director is directed by the language of the bill to encourage the coordination of planning policies for construction of public works and for this purpose he is required to review information collected from each department, instrumentality, and agency of the Federal Government and of State and local governments having authority to construct public works, and to determine—

(1) What public works projects have been or are in the process of being planned for construction;

(2) What public works projects are required to meet national, regional, and community growth and economic development;

(3) What are the present policies of the various departments, agencies, and instrumentalities with respect to planning public works, and

(4) The extent to which the policies of each such department, agency, and instrumentality should be coordinated with an overall policy with respect to public works planning and construction, and methods for such coordination.

This direction to and authority of the Director applies, as do the spending provisions of the bill, to the planning and construction of all Federal and Federal-aid public works projects, both civil and military, and is not in any way restricted to the acceleration of public works to relieve unemployment.

The view was expressed by some members of the committee that it was not intended that the Director should be authorized to establish policy which construction agencies would have to follow in regard to the planning and construction of public works projects. However, the language contained in the bill must be assumed to mean what it says and, if this language has any purpose at all, it would clearly appear to vest great authority and control in the Director of this new Office over all Federal and Federal-aid public works, which cannot be taken away by some statement to the contrary in the report of the committee on this bill.

An aggressive and ambitious Director of the Office of Public Works Coordination and Acceleration, armed with the authority contained in this bill, would quickly take over much of the policymaking now exercised by existing Federal agencies and would either directly or indirectly control the development of all Federal and Federal-aid public works programs and the selection and scheduling of specific projects for planning and construction. In practice, he will control the public works activities of the Departments of Defense (including the Corps of Engineers), Agriculture, Interior, Commerce, and Health, Education, and Welfare, the Housing and Home Finance Agency, General Services Administration, and all other departments and agencies now administering public works programs.

In our opinion, it is unnecessary and certainly unwise to replace the experienced judgment of agencies now charged with the responsibility of administering public works programs by that of a single political appointee.

We fear that by the establishment of such a new agency, which would undoubtedly exercise controlling influence over all Federal public works projects and State and local Federal-aid programs and projects, the Congress will create a political pork-barrel czar which may turn on its creator like a Frankenstein monster. Not only is there real danger that the authority, policies, and decisions of other Federal agencies may become subservient to the wishes of the Director of this new agency, but, to the extent that this occurs, the Congress will be denied fully objective recommendations and reports of agencies now charged with the responsibility of administering public works programs. Thus, the Congress may be denied information and recommendations upon which to base its considerations for the establish-

ment of new public works programs and for the authorization of and appropriation of funds for specific projects. In fact, to the extent that this new office insulates the Congress from the agencies which actually administer public works programs, the Members and committees of Congress and their staffs will be rendered impotent in carrying out the traditional role of the Congress to determine what public works projects should be undertaken by the Federal Government and what policies and criteria should apply.

We are not in favor of creating a czar over public works to set policies. And he will be setting policies which have been the responsibility of the Congress for years.

The administration is strongly opposed to the creation of this new Federal agency and, as pointed out in departmental reports on the bill and by administration witnesses who testified before the committee, the Office of Public Works Coordination and Acceleration would duplicate functions now performed by other governmental agencies and the establishment of such a new agency is neither necessary nor desirable, for planning, coordination, and administration can best be handled through existing agencies which now have program authority and which are presently engaged in public works or other programs on behalf of the President.

The following are excerpts of typical comments of departmental reports on H.R. 10113 and H.R. 10318, with respect to the creation of this new Federal agency.

DEPARTMENT OF THE INTERIOR

> While there is considerable merit in the intent of these bills, we do not feel that the means proposed are necessary or desirable at this time. Public works programs now in progress are, in our opinion, being carried out satisfactorily. Necessary steps are now being taken by numerous agencies to provide needed coordination and long-range planning of contemplated public works programs.
>
> Thus, we feel that there would be a partial duplication of the functions to be performed by the Administrator, Coordinator, or Director with those already being performed by the various governmental agencies, including the Department of the Interior. It is difficult to determine from these bills how those functions will be coordinated with those of other agencies having similar responsibilities for public works construction.

GENERAL SERVICES ADMINISTRATION

> We believe that the establishment of an Office of Public Works Coordination and Acceleration as contemplated by H.R. 10113 is neither necessary nor desirable in connection with the planning, coordination, and administration of a public works acceleration program. It is felt that such planning, coordination, and administration can best be handled through those existing agencies which now have program authority and which presently are engaged in public works or other programs on behalf of the President.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

> We are in full accord with the general objectives of both bills. We also believe that a useful purpose would be served if, as proposed by H.R. 10113, there were maintained an up-to-date inventory of current and prospective public works construction projects, and that increased attention were accorded problems of coordination in this field. We do not believe, however, that the attainment of these goals requires the establishment of a new Government agency. The planning and coordination that is necessary to assure the initiation or acceleration of the most useful projects, when the economic situation requires such action, can best be done by the agencies which currently have program authority, with central leadership furnished through the agencies that now coordinate public works and other programs on behalf of the President.

Administration witnesses who appeared before the committee on both H.R. 10113 and H.R. 10318 expressed opposition to the creation of an Office of Public Works Coordination and Acceleration.

Mr. Alan L. Dean, Deputy Administrator for Administration, Federal Aviation Agency said:

> As between the two bills, our major objection to H.R. 10113 is that it would create an additional Government agency. I don't, by such a statement, mean to imply that creation of additional Government agencies is necessarily in itself bad. However, we believe that additional Government agencies should be established only upon a finding of clear and sufficient need in this case.
>
> H.R. 10318 would permit existing agencies to conduct all planning, administration and coordination and thereby eliminate the need for a special public works coordinating agency. We believe that acceleration can best be carried out by those agencies which are presently engaged in coordinating public works and other programs on behalf of the President.

Mr. David E. Bell, Director of the Bureau of the Budget, testified in some detail before the committee as to how existing Federal agencies can carry out the planning, administration, and coordination of public works programs without necessity of creating a new agency. In this regard, he said:

> * * * it would be our expectation that the proposed capital improvements acceleration could be carried out with a minimum of new administrative machinery. We would anticipate that:
>
> The Council of Economic Advisers, in line with its regular duties, would:
>
> (*a*) Keep the President informed on the unemployment situation;
>
> (*b*) Make recommendations to him on when to invoke the standby acceleration authority and when to terminate it; and
>
> (*c*) Make recommendations on the volume and general types of public works to be undertaken or accelerated.

The Bureau of the Budget, as part of its normal responsibilities, would:

(*a*) Collect from all Federal agencies advance plans for the succeeding 5-year period, covering all Federal and federally aided public works, and prepare summaries of these plans;

(*b*) Keep the Council of Economic Advisers and the President advised on the status of the inventory of eligible public works and the readiness of plans for public works construction authorized under the proposed standby bill;

(*c*) When either the immediate or the standby authority becomes effective, advise the President on the administration and financing of the programs.

The Housing and Home Finance Agency, in line with its statutory duty to provide Federal assistance both for comprehensive planning and for advances to finance preparation of plans for specific State and local projects, would:

(*a*) Expand its advance planning assistance and conduct periodic surveys in order to make sure that an adequate backlog of eligible State and local public works is ready for use in event of a recession;

(*b*) When either the immediate or the standby authority becomes effective, make grants and loans for State and local public works directly or through other Federal agencies, to finance projects or programs not already eligible for Federal grants.

Each Federal Agency having direct responsibility for public works and for Federal aid to State and local construction would:

(*a*) Continue and, if necessary accelerate preparation of advance plans so that new projects will be available for initiation when funds are made available under the standby authority;

(*b*) If now authorized to provide financial assistance to States and local governments, continue to encourage and assist them in advance planning and to obtain reports of the status of such advance plans;

(*c*) Submit information on Federal and federally aided public works to the Bureau of the Budget for central compilation and analysis;

(*d*) When either the immediate or the standby authority becomes effective, make recommendations for initiation or acceleration of eligible projects and programs, including grants, administered by it; and

(*e*) When the funds have been allocated to the agencies, make the contracts, grants, etc., necessary to carry out the decisions.

Finally, it would be desirable, in our opinion, when either the legislation authorizing immediate acceleration of capital improvements becomes effective, or the President under the standby authority proclaims a capital improvements acceleration period, to supplement the existing administrative organization in one respect. While existing agencies would continue to be responsible, as indicated above, for the

planning and administration of the various programs, the President would wish to designate a single individual to assure prompt and effective execution of the total program. Under the President's present thinking, he would wish to assign this responsibility to a member of the Cabinet, but he has not yet finally decided the matter.

Existing agencies can maintain an inventory of the status of all Federal and Federal-aid public works programs and projects, keep the President and the Congress informed on the unemployment situation, and make recommendations for regular public works programs and for the acceleration of programs to combat recessions, if the latter is deemed desirable. In fact, much of this is being done now as part of the regular duties of the Council of Economic Advisers, the Bureau of the Budget, and agencies administering public works programs. There is absolutely no need to create a new super-Federal agency to duplicate these functions.

One of the arguments that has been advanced in support of the establishment of this new agency is that it will be required to prepare and keep current at all times a public works plan which shall have as its basic purpose the acceleration of the construction of public works necessary to increase employment and to stabilize the economy when required to offset declines in economic activity, and such a plan is provided for in this bill. Again, there is no need to create a public works czar for this purpose. Such a plan can be prepared and maintained by existing agencies as a part of their regular duties. Furthermore, H.R. 10113 provides no procedures or authority for implementation of such a plan when it is prepared. Even the $900 million authorized to be appropriated by this bill will be expended without any regard to such a plan.

Further Increase in Deficit Financing

One of the most urgent problems facing this country today is to put the national economy back on a sound basis, which will promote full employment. This Nation has been on a deficit financing basis for 25 of the past 31 years. In fiscal year 1961 there was a $4 billion deficit. This year it appears there will be a $7 to $10 billion deficit. and there is every indication that a deficit of from $3 to $5 billion will exist next year.

No portion of the $900 million authorized to be appropriated by H.R. 10113 is contained in the budget, and expenditures resulting from this authorization will further increase the Government's deficit financing and will contribute to subsequent requirements to further raise the public debt ceiling above its present level of $300 billion, which within the past few days, the President has requested the Congress to raise to $308 billion.

Continuing deficit financing has resulted in a gradual increase in the general price level which in turn has produced a continuing decline in the value of the dollar. Since 1939 the dollar has gone down from 100 cents to 46.1 cents, as of March of this year. The decline in purchasing power further accentuates the unbalance between consumption of goods and services and the productive capacity of the Nation, which contributes to unemployment. There is no evidence to indicate that this long-term trend will come to an early end, and H.R. 10113 would further promote this trend.

It is important to recognize the adverse characteristics of inflation on economic growth and job creation. With inflation, the annually available capital, whether derived from profits or depreciation reserves, is not able to buy the same facilities or finance the same number of jobs. The persistence of unemployment in the United States in the recent years is not due to inadequate Government spending, but rather to inadequate private investment. It is the expectation of profit which causes people to invest money and create job opportunities. Unless people have a reasonable expectation of making a profit, there will be no expansion of employment in the private sector of the economy. It is essential to find ways and means to encourage growth in the private sector; the key elements of which are incentives and sound money. Business confidence is not enhanced by the Federal Government's inability to balance the budget, even when the economy is operating at the highest level on record. The crucial need for jobs is defeated by concentrating our attention on Government activities which produce inflation and reduce the capacity of the private sector to grow and produce jobs. Under these conditions, deficit spending, including that which will result from enactment of this bill, is not likely to increase employment; in fact, it may have just the opposite effect.

Increased Presidential Power

Section 9 of H.R. 10113 gives to the President the power and authority, which he has requested, to allocate funds authorized by the act in such amounts as he determines to heads of departments, agencies, and instrumentalities of the Federal Government of his choosing, for the initiation and acceleration of public works projects which the President or the heads of such governmental agencies may select. By the enactment of this bill the Congress would give the President unprecedented blanket authority to use appropriated funds in such amounts as he may determine for programs and projects of such types and at such locations as he may select. It is a far-reaching and dangerous precedent for the Congress to so abrogate its traditional and constitutional responsibilities to designate programs and projects for which authorizations are to be increased, to select projects to be constructed, and to determine the amounts of Federal funds to be appropriated therefor.

Under the provisions of this bill, the President is authorized to use the funds provided in the bill for the construction of any Federal public works projects, civil and military, which have been authorized by the Congress and any public works projects of States and local governments for which Federal financial assistance is authorized under other provisions of law. In prior precedents, even to offset the recession in 1958, the Congress increased specific programs by specific amounts, rather than delegating such power to the President.

Under this broad delegation of authority, the President can construct any public works project which is authorized by the Congress irrespective of how long ago the authorization may have been given and even though the Congress, subsequently, may not have seen fit to appropriate money for its undertaking. For example, this bill would empower the President to construct a navigation or flood control project, including dams, locks, canals, and power transmission facilities which may have been authorized by the Congress 30 years ago,

but in which the Congress has subsequently lost interest and which has not been sufficiently justified before the Committee on Appropriations to secure the appropriation of funds to undertake its construction. Thus, the President could completely bypass the appropriation process and construct projects which, even though they have been authorized, would not be financed if reviewed and studied by the Congress in the discharge of its constitutional responsibilities to appropriate funds.

In addition to this usurpation of the authority of the Committee on Appropriations and the Congress as a whole, the Congress would also delegate to the President, in effect, the authority to both authorize and to appropriate funds for projects of States and local communities which have never been authorized by the Congress. The division of powers between the executive, legislative, and judicial branches is fundamental to our constitutional system of government, and no President should be delegated powers which are essentially that of the Congress, as would be done by enactment of this bill.

Unlimited Areas in Which Projects Will Be Eligible for Federal Grants

Even though the bill purports to limit the areas in which the President may authorize the initiation and acceleration of public works projects, the limitation is more illusory than real. So-called eligible areas are those (1) which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least 9 of the preceding 12 months and (2) which are designated by the Secretary of Commerce under subsections (a) and (b) of section 5 of the Area Redevelopment Act as "redevelopment areas."

The bill provides that the criteria to be used by the Secretary of Labor in determining areas of substantial unemployment shall be the the criteria established in section 6.3 of title 29 of the Code of Federal Regulations as in effect May 1, 1962, which principal criteria is that unemployment is 6 or more percent of the total labor force.

Thus, any area which has had 6-percent unemployment for 9 of the preceding 12 months can be declared an area of substantial unemployment and be eligible for grants of Federal funds under this bill. During the first 3 months of calendar year 1961 this condition was met for the entire United States on the basis of national unemployment percentage. Presumably, the entire United States could have been declared an area of substantial unemployment.

There are 882 areas and 50 Indian reservations which have been designated as redevelopment areas and 132 areas which have been designated for 9 of the last 12 months as areas of substantial unemployment, making a total of 1,064 areas in which grants of Federal funds would now be eligible if this bill is enacted into law. For all practical purposes the entire United States is, or probably can be, blanked by the designation of such areas, which will afford the President complete freedom in selecting the projects which he wishes to be the recipient of Federal grants.

Presidential Creation of New Federal Aid Programs

The President is authorized by section 9 of the bill to initiate and accelerate public works projects of States and local governments for

which Federal "financial assistance" is authorized by other provisions of law, and for the construction of which funds authorized to be appropriated by the bill may be used to pay 50 percent of the cost, notwithstanding any existing provision of law requiring Federal contribution to be less than 50 percent. The broad and general term "financial assistance" is not defined in the bill and seems to apply to any project for which financial assistance of any kind is authorized under existing law. Thus, projects for which the Congress has authorized only loans, or has authorized grants or advances of Federal funds merely for planning or for making surveys and studies would, by enactment of this legislation, appear to become eligible for construction grants up to 50 percent of the cost of such projects.

Under section 11 of H.R. 10113, the Administrator of the Housing and Home Finance Agency is specifically authorized to make grants from the funds authorized to be appropriated by the bill to any municipality, community, or any other political subdivision or instrumentality of a State, to pay 50 percent of the cost of constructing any public works or facilities which are eligible under existing law for an interest bearing loan from the Community Facilities Administration. So as to make this grant provision applicable to projects which now would not even be eligible for a loan, section 11 of this bill would also amend section 202 of the Housing Amendments of 1955, so as to make the existing limitation on loans being available only to municipalities or subdivisions having a population of less than 50,000 (or 150,000 in the case of a community situated in an area designated as a depressed area under section 5 of the Redevelopment Act) inapplicable to grants under H.R. 10113.

By these provisions, the Congress would authorize the President, through the allocation of funds to the Administrator of the Housing and Home Finance Agency to, in effect, both authorize and appropriate funds for Federal grants-in-aid programs which the Congress has never heretofore authorized, and for which moneys have never heretofore been appropriated. Any public works or facilities which a municipality, community, or subdivision or instrumentality of a State is authorized or permitted under State law to construct, would be eligible for a 50-percent grant under H.R. 10113. The only limitation that has been placed upon the types of projects eligible for loans by the Community Facilities Administration has been to administratively exclude school construction. However, even this exclusion could be eliminated by the Administrator of the Housing and Home Finance Agency at any time with respect to loans under existing law, and it may never be made applicable to grants under H.R. 10113. In any event, any school construction which is now provided Federal assistance under other provisions of law would be eligible for grants under this bill.

Under H.R. 10113 the President could commence Federal grant-in-aid programs for the construction of city halls, police stations, jails, fire stations, public parks, recreation centers, swimming pools, ski lifts, tramways, golf courses, mass transit facilities, public parking, fish hatcheries, zoos, public buildings, museums, and any other type of public facility which the municipality or State subdivision or instrumentality may construct under State law. It is obvious that this is a back-door community facilities bill. A number of State and local officials testified before the committee of their desires to construct such projects with funds to be authorized by this bill.

H.R. 10113 authorizes the President to commence all such new Federal grant-in-aid programs, if he desires to do so, without the Congress having ever made any determination as to the desirability or need for establishing such programs and without ever having previously authorized the making of grants therefor.

In one fell swoop, by enactment of this bill, the Congress will authorize the President to establish many new Federal grant-in-aid programs, limited only by the ingenuity and imagination of State and local officials and Federal bureaucrats, all of which will be done without benefit of the searching scrutiny which Congress has traditionally given to the commencement of new Federal grant-in-aid programs when considered on their individual merits. Of course, the $900 million authorized to be appropriated by this bill would be a limiting factor, initially, on the size of these new Federal-aid programs; however, once established, great pressures would be brought to bear upon the Congress to continue them.

The Congress has a constitutional duty and a responsibility to the people of this country to carefully study the need and the justification for any new Federal grant-in-aid program before it is authorized. If such new programs are to be established, the Congress should carefully consider the amounts of money to be made available for each such program, and the percentage of the costs of individual projects which should be paid from Federal funds, as well as the establishment of criteria for such projects. The Congress would be abandoning its duty and its responsibility to the people if it should delegate this power of determination, which is the Congress's alone, to the President. It is incredible for the President to ask the Congress to give him such unlimited powers, and it is fantastic for the Congress to consider doing so.

Increased Federal Cost of Projects

Not only would H.R. 10113 authorize Federal grants to pay 50 percent of the cost of public works projects of municipalities and subdivisions and instrumentalities of the States for which no Federal grants are now authorized by existing law, but with respect to any presently authorized Federal grant-in-aid program for which the Federal contribution to the cost of projects is less than 50 percent under existing law, the Federal share would be increased to 50 percent under this bill.

To illustrate how this would work, consider as an example a sewage treatment plant to be constructed by a municipality at a cost of $30 million. Under the Federal Water Pollution Act this project could be eligible for a Federal grant not to exceed 30 percent of the estimated cost of the project, or $600,000, whichever is the smaller. Under existing law this project could be eligible for a Federal grant of $600,000; however, under H.R. 10113, this project could be eligible for a grant of 50 percent of the cost, or $15 million.

The extent of the Federal interest in various kinds of public works and the extent of the Federal responsibility for payment of part of the costs of particular programs and projects have been carefully considered by the Congress over a period of many years, and it would be the height of foolishness and irresponsible action for Congress to enact this bill to summarily set aside these established formulas for Federal participation.

Some Other Solution Must Be Found

The increased public works spending authorized by H.R. 10113 is not going to solve the unemployment problem; in fact, it is not even an effective first-aid treatment. Sooner or later—and we hope it is sooner—the Congress and the administration are going to have to face up to the real causes of our ever-worsening economic situation and take action to get to the heart of the problem for its ultimate solution.

When productive capacity so far outdistances consumption of goods and services, as is the case in the United States today, critical unemployment inevitably results. The reason for this unbalance between productive capacity and consumption is not because of the lack of desire for the products of our capacity. In fact, economists generally agree that the desire for goods and services far exceeds the productive capacity of the Nation. This desire is unsatisfied and our productive capacity is not consumed because of the inability of people to buy. If consumption and productive capacity are brought into balance, for all practical purposes unemployment will be eliminated. Obviously the answer is not to decrease productive capacity to bring it into balance with consumption; on the contrary, productive capacity should be ever increased, by improved technology, automation, and an improved business climate, so as to produce more goods cheaper for the benefit of all people, and thereby promote a continuing increase in our standard of living and permit this country to become more competitive in the world markets.

These goals can only be obtained by increasing consumption. Not only would the unsatisfied desire for goods and services be met, but as consumption increases jobs are created and unemployment declines. Furthermore, as consumption increases the growing market demand would stimulate additional capital investment which, in turn, would create more jobs and further increase consumption of goods and services.

Conclusion

In our opinion this bill is ineffective to provide immediate employment, and over a period of 2 years, or more, at best it will create jobs for only about 3 percent of the persons now unemployed. Whereas, this bill purports to offer hope for the millions now unemployed, in reality, it will only bring more disillusionment and despair when its inadequacies become known. Enactment of this bill is entirely too high a price to pay, both in dollars and in the unwise delegation of congressional powers to the President, in return for the few temporary jobs which will be created too late to be of any immediate assistance to those who now desperately need work, want to work, and cannot find employment.

The real end result of this bill is to give the President a book of blank checks with authority to draw $900 million from the Treasury of the United States and to use such amounts thereof as he decides for the construction of projects he selects in localities of his choosing. Under the authority of this bill the President can approve or withhold funds for projects in such a manner as to coerce Members of Congress to support his New Frontier program, or to buy political support for favored candidates for public office, or to pay political obligations.

When the people of this country learn what this bill does and does not do, they will strongly resent the political contrivance to give the President a political slush fund to be paid for by the taxpayers.

We are gravely concerned over the seriousness of the continuing unemployment problem and urge that the Congress take immediate action to find a real and effective solution to this problem rather than to enact this abortive legislation.

Thomas Jefferson warned against traveling the road down which the present administration is taking this country, when he said:

> I place economy among the first and most important virtues, and public debt as the greatest of dangers to be feared. To preserve our independence, we must not let our rulers load us with perpetual debt. We must make our choice between economy and liberty, or profusion and servitude. If we run into such debts, we must be taxed into our meat and drink, in our necessities and our comforts, in our labors and in our amusements. If we can prevent the Government from wasting the labors of the people, under the pretense of caring for them, they will be happy.

JAMES C. AUCHINCLOSS.
GORDON H. SCHERER.
WILLIAM C. CRAMER.
JOHN F. BALDWIN.
FRED SCHWENGEL.
EDWIN B. DOOLEY.
HOWARD W. ROBISON.
PERKINS BASS.
WALTER L. MCVEY.
CARLETON J. KING.
JAMES HARVEY.
JOHN C. KUNKEL.
LOUISE G. REECE.

Union Calendar No. 740

87TH CONGRESS
2D SESSION

H. R. 10113

[Report No. 1756]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 1962

Mr. BLATNIK introduced the following bill; which was referred to the Committee on Public Works

JUNE 2, 1962

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 ~~That this Act may be cited as the "Public Works Coordi-~~
4 ~~nation and Acceleration Act".~~

5 ~~SEC. 2. (a) The Congress finds that there have been~~
6 ~~periodic declines in business activity causing severe unem-~~
7 ~~ployment and resulting in persistently high unemployment~~
8 ~~levels, loss of production and loss of purchasing power, and~~
9 ~~that repetition of these periodic recessions can be avoided,~~

1 ~~or their impact lessened, by prompt remedial action by the~~
2 ~~Federal Government as authorized in this Act. The pro-~~
3 ~~motion of maximum employment, production, and purchas-~~
4 ~~ing power is the continuing policy and responsibility of the~~
5 ~~Federal Government. The Congress also finds that virtually~~
6 ~~every community in the Nation has a backlog of needed cap-~~
7 ~~ital improvement projects, and that a quick and effective~~
8 ~~means of increasing employment and expenditures is by ac-~~
9 ~~celerating the construction of such projects. Thus, in addi-~~
10 ~~tion to being a useful economic means for increasing employ-~~
11 ~~ment and stabilizing the economy, public works construction~~
12 ~~will also meet longstanding public needs, improve commu-~~
13 ~~nity services, and enhance the health and welfare of the cit-~~
14 ~~izens of the Nation.~~

15 ~~(b) It is the purpose of this Act to provide the neces-~~
16 ~~sary machinery to keep the President and the Congress~~
17 ~~informed on the status of public works construction and~~
18 ~~planning and to enable the President to take quick and~~
19 ~~effective action to stimulate the economy by inaugurating a~~
20 ~~program of needed capital improvements when unemploy-~~
21 ~~ment indicators reveal persistently high levels of unemploy-~~
22 ~~ment or indicate the beginning of a recessional pattern in the~~
23 ~~economy. In the furtherance of this purpose, the Act pro-~~
24 ~~vides the President in such periods with standby authority~~
25 ~~(1) to increase immediately expenditures for direct Federal~~

1 ~~programs of capital improvements previously authorized by~~
2 ~~the Congress, and (2) to furnish incentives through Federal~~
3 ~~financial assistance to State and local governmental bodies to~~
4 ~~accelerate their capital improvement programs through the~~
5 ~~initiation of projects which can be begun promptly and com-~~
6 ~~pleted over a reasonably short period of time. It is the~~
7 ~~intent of Congress that departments and agencies of the~~
8 ~~Federal, State, and local governments should make necessary~~
9 ~~advance plans for capital improvement projects in order to~~
10 ~~enable them to act promptly whenever the President initiates~~
11 ~~the program authorized by this Act.~~

12 ~~SEC. 3. There is hereby established the Office of Pub-~~
13 ~~lic Works Coordination and Acceleration (hereinafter re-~~
14 ~~ferred to as the "Office"). The Office shall be administered~~
15 ~~by a Director of Public Works Coordination and Acceleration~~
16 ~~(hereinafter referred to as the "Director"). There~~
17 ~~shall be a Deputy Director. The Director and the Deputy~~
18 ~~Director shall be appointed by the President by and with~~
19 ~~the advice and consent of the Senate. The Director shall~~
20 ~~receive compensation at the rate of $20,000 per annum, and~~
21 ~~the Deputy Director at the rate of $18,500 per annum.~~

22 ~~SEC. 4. The Director shall encourage the coordination~~
23 ~~of planning policies for the construction of public works in~~
24 ~~the United States, and for this purpose shall—~~

25 ~~(1) collect all necessary information from the head~~

1 ~~of each department, instrumentality, and agency of the~~
2 ~~Federal Government, and of State and local govern-~~
3 ~~ments, having authority to construct public works.~~
4 ~~(2) review such information and determine—~~
5 ~~(A) what public works projects have been or~~
6 ~~are in process of being planned for construction,~~
7 ~~(B) what public works projects are required~~
8 ~~to meet national, regional, and community growth~~
9 ~~and economic development,~~
10 ~~(C) what are the present policies of the various~~
11 ~~departments, agencies, and instrumentalities with re-~~
12 ~~spect to planning public works, and~~
13 ~~(D) the extent to which the policies of each~~
14 ~~such department, agency, and instrumentality should~~
15 ~~be coordinated with an overall policy with respect~~
16 ~~to public works planning and construction, and~~
17 ~~methods for such coordination.~~
18 ~~(3) report from time to time as he deems necessary~~
19 ~~but not less often than once each year to the President~~
20 ~~and Congress—~~
21 ~~(A) all public works which are in the process~~
22 ~~of being constructed, those which have been or are~~
23 ~~being planned, and those which should be planned,~~
24 ~~(B) any other recommendations with respect~~
25 ~~to planning and coordination of public works.~~

1 ~~SEC. 5. The Director shall, to the fullest extent possible,~~
2 ~~cooperate with all departments, agencies, and instrumentali-~~
3 ~~ties of State and local governments to insure the greatest~~
4 ~~possible planning and coordination of public works projects~~
5 ~~at all levels of government.~~

6 ~~SEC. 6. The Director is authorized to make such rules~~
7 ~~and regulations as may be necessary to carry out the pur-~~
8 ~~poses of this Act.~~

9 ~~SEC. 7. (a) The Director is authorized to establish such~~
10 ~~advisory committees and to consult with such persons and~~
11 ~~organizations as he may deem necessary to carry out this~~
12 ~~Act.~~

13 ~~(b) The Director shall, in carrying out this Act, utilize~~
14 ~~to the fullest extent possible the services, facilities, and in-~~
15 ~~formation of all departments, agencies, and instrumentalities~~
16 ~~of Government as well as private agencies in order to avoid~~
17 ~~duplication of effort and expense, and all the departments,~~
18 ~~agencies, and instrumentalities of the Federal Government~~
19 ~~shall provide the Director with such services, facilities, and~~
20 ~~information as he may determine necessary to accomplish~~
21 ~~the objectives of this Act on a nonreimbursable basis.~~

22 ~~SEC. 8. (a) The Director is authorized and directed to~~
23 ~~prepare and to keep current at all times a public works plan~~
24 ~~which shall have as its basic purpose the acceleration of the~~
25 ~~construction of public works necessary to increase employ-~~

1 ~~ment and to stabilize the economy when required to offset~~
2 ~~declines in economic activity.~~
3 ~~(b) The public works plan authorized by subsection~~
4 ~~(a) of this section—~~
5 ~~(1) shall provide for the acceleration of those Fed-~~
6 ~~eral public works projects which have been authorized~~
7 ~~by Congress through the allocation of funds under this~~
8 ~~Act.~~
9 ~~(2) shall provide for the acceleration of those public~~
10 ~~works projects of States and local governments for~~
11 ~~which Federal financial assistance is authorized under~~
12 ~~other provisions of law through the allocation of funds~~
13 ~~under this Act.~~
14 ~~(3) shall give priority to those public works~~
15 ~~projects which can—~~
16 ~~(A) be commenced within sixty days of the~~
17 ~~date the plan takes effect;~~
18 ~~(B) meet essential public need;~~
19 ~~(C) contribute significantly to the reduction~~
20 ~~of unemployment.~~
21 ~~(c) All grants-in-aid made from allocations made by~~
22 ~~the Director under this Act shall be made by the head of~~
23 ~~the department, agency, or instrumentality of the Federal~~
24 ~~Government administering the law authorizing such grants~~
25 ~~in accordance with all of the provisions of such law, except~~

1 ~~(1) provisions requiring allocation of funds among the~~
2 ~~States, and (2) limitations upon the total amount of such~~
3 ~~grants for any period.~~
4 ~~(d) Not more than 12½ per centum of all amounts allo-~~
5 ~~cated by the Director under this Act shall be made available~~
6 ~~to projects within any one State.~~
7 ~~SEC. 9. (a) The plan which the Director is required to~~
8 ~~establish under section 8 of this Act shall go into effect, and~~
9 ~~the Director shall have authority to carry out the provisions~~
10 ~~of such plan, only during those periods when the President~~
11 ~~shall declare the plan to be in effect except that no such~~
12 ~~declaration shall be made unless—~~
13 ~~(1) data compiled and published by the Secretary~~
14 ~~of Labor shows (A) that the national unemployment~~
15 ~~rate, adjusted for seasonal variations, has risen in three~~
16 ~~of the four most recent consecutive months for which~~
17 ~~data is available, and (B) that the national unemploy-~~
18 ~~ment rate, adjusted for seasonal variations, has risen by~~
19 ~~not less than 0.5 per centum during such period, or~~
20 ~~(2) data compiled and published by the Secretary~~
21 ~~of Labor shows that the national unemployment rate,~~
22 ~~adjusted for seasonal variations, has exceeded 5 per~~
23 ~~centum during four of the six most recent consecutive~~
24 ~~months for which such data is available.~~
25 ~~(b) Whenever the President declares the plan author-~~

1 ~~ized by section 8 of this Act to be in effect, such plan shall~~
2 ~~remain in effect until terminated by the President, or until~~
3 ~~the end of the twelfth full month which begins after the date~~
4 ~~such period begins, whichever first occurs.~~

5 ~~SEC. 10. (a) During any period when the President has~~
6 ~~declared the public works plan authorized by subsection (a)~~
7 ~~of section 8 of this Act to be in effect, the Director is author-~~
8 ~~ized to allocate—~~

9 ~~(1) to the heads of the departments, agencies, and~~
10 ~~instrumentalities of the Federal Government responsible~~
11 ~~for the construction of Federal public works projects,~~
12 ~~such amounts as he determines necessary for the acceler-~~
13 ~~ation of the construction of such projects, and~~

14 ~~(2) to the heads of the departments, agencies, and~~
15 ~~instrumentalities of the Federal Government responsible~~
16 ~~for the administration of laws authorizing Federal finan-~~
17 ~~cial assistance to public works projects of States and~~
18 ~~local governments, such amounts as he determines neces-~~
19 ~~sary for the acceleration of the construction of such~~
20 ~~projects through such Federal financial assistance.~~

21 ~~(b) The total of all allocations made by the Director~~
22 ~~under paragraph (1) of subsection (a) of this section shall~~
23 ~~not exceed $500,000,000, and the total of all allocations~~

1 ~~made under paragraph (2) of subsection (a) of this section~~
2 ~~shall not exceed $1,500,000,000.~~
3 ~~(c) Any allocation made under this section may be obli-~~
4 ~~gated immediately by the head of the department, agency, or~~
5 ~~instrumentality to whom it is made and shall continue to be~~
6 ~~available for obligation until the termination of the period~~
7 ~~during which the plan is in effect.~~
8 ~~(d) There is hereby authorized to be appropriated such~~
9 ~~sums as may be necessary to liquidate obligations incurred~~
10 ~~under authority of subsection (c) of this section, and to~~
11 ~~otherwise carry out this Act.~~
12 ~~SEC. 11. No part of any allocation made by the Director~~
13 ~~under subsection (a) of section 10 of this Act shall be made~~
14 ~~available to any State or local government for any public~~
15 ~~works project unless such project results in a net increase~~
16 ~~in the current annual level of expenditures of such govern-~~
17 ~~ment for capital improvement projects. The head of each~~
18 ~~department, agency, and instrumentality of the Federal~~
19 ~~Government administering any program for financial assist-~~
20 ~~ance which receives an allocation under subsection (a) of~~
21 ~~section 10 of this Act shall promulgate such rules and regu-~~
22 ~~lations governing the review of expenditures for capital im-~~

1 ~~provement projects of applicants for assistance from such~~
2 ~~allocation as may be necessary to carry out this section.~~
3 ~~SEC. 12. Section 202 of the Housing Amendments of~~
4 ~~1955 is amended by adding at the end thereof the following~~
5 ~~new subsection:~~
6 ~~"(c) During any period when the President has~~
7 ~~declared the public works plan authorized by section 8 of the~~
8 ~~Public Works Coordination and Acceleration Act to be in~~
9 ~~effect, the Administrator is authorized to make a grant-in-aid~~
10 ~~from any allocation made for such purpose under such~~
11 ~~Coordination and Acceleration Act to any public entity~~
12 ~~described in clause (1) or (2) of subsection (a) of this~~
13 ~~section of not to exceed 50 per centum of the cost of con-~~
14 ~~struction of any project for public works or facilities, if such~~
15 ~~project would be eligible (without regard to the restrictions~~
16 ~~and limitations of subsections (b) and (c) and the proviso of~~
17 ~~subsection (d) of this section) for financial assistance under~~
18 ~~subsection (a) of this section."~~
19 ~~SEC. 13. Section 702 of the Housing Act of 1954 is~~
20 ~~amended by adding at the end thereof the following new sub-~~
21 ~~section:~~
22 ~~"(g) Notwithstanding any other provision of this sec-~~
23 ~~tion, no advance made under this section for the planning~~
24 ~~of any public works project shall be required to be repaid~~
25 ~~if—~~

1 ~~"(1) construction of such project is begun within~~
2 ~~two years of the date of completion of the plan as deter-~~
3 ~~mined by the Administrator, or~~
4 ~~"(2) construction of such project is begun (during~~
5 ~~a period when the President has declared the public~~
6 ~~works plan authorized by section 8 of the Public Works~~
7 ~~Coordination and Acceleration Act to be in effect) as a~~
8 ~~result of a grant-in-aid made from an allocation made~~
9 ~~under such Coordination and Acceleration Act."~~
10 *That this Act may be cited as the "Public Works Accelera-*
11 *tion Act".*
12 *Sec. 2. (a) The Congress finds that (1) certain com-*
13 *munities and areas in the Nation are presently burdened by*
14 *substantial unemployment and underemployment and have*
15 *failed to share fully in the economic gains of the recovery*
16 *from the recession of 1960–1961 and (2) action by the*
17 *Federal Government is necessary, both to provide immediate*
18 *useful work for the unemployed and underemployed in these*
19 *communities and to help these communities, through im-*
20 *provement of their facilities, to become more conducive to*
21 *industrial development and better places in which to live*
22 *and work. The Nation has a backlog of needed public*
23 *projects, and an acceleration of these projects now will not*
24 *only increase employment at a time when jobs are urgently*
25 *required but will also meet longstanding public needs, im-*

1 *prove community services, and enhance the health and wel-*
2 *fare of citizens of the Nation.*
3 *(b) The Congress further finds that Federal assistance to*
4 *stimulate public works investment in order to increase em-*
5 *ployment opportunities is most urgently needed in those*
6 *areas, both urban and rural, which qualify as redevelopment*
7 *areas because they suffer from persistent and chronic unem-*
8 *ployment and economic underdevelopment, as well as in*
9 *other areas which have suffered from substantial unemploy-*
10 *ment for a period of at least twelve months.*
11 *(c) It is the further purpose of this Act to provide the*
12 *necessary machinery to keep the President and the Congress*
13 *informed on the status of public works construction and*
14 *planning, to encourage local governmental agencies to de-*
15 *velop orderly capital improvement programs, so that if it*
16 *becomes necessary to take action to stimulate the economy*
17 *by inaugurating a program of needed capital improvements*
18 *when unemployment indicators reveal the beginning of a*
19 *recessional pattern in the economy, necessary plans on which*
20 *to base such action will be available.*
21 *SEC. 3. There is hereby established the Office of Public*
22 *Works Coordination and Acceleration (hereinafter referred*
23 *to as the "Office"). The Office shall be administered by a*
24 *Director of Public Works Coordination and Acceleration*

1 *(hereinafter referred to as the "Director"). There shall be*
2 *a Deputy Director. The Director and the Deputy Director*
3 *shall be appointed by the President by and with the advice*
4 *and consent of the Senate. The Director shall receive com-*
5 *pensation at the rate of $20,000 per annum, and the Deputy*
6 *Director at the rate of $18,500 per annum.*

7 *SEC. 4. The Director shall encourage the coordination*
8 *of planning policies for the construction of public works in*
9 *the United States, and for this purpose shall—*

10 *(1) collect all necessary information from the head*
11 *of each department, instrumentality, and agency of the*
12 *Federal Government, and of State and local govern-*
13 *ments, having authority to construct public works;*

14 *(2) review such information and determine—*

15 *(A) what public works projects have been or*
16 *are in the process of being planned for construction,*

17 *(B) what public works projects are required to*
18 *meet national, regional, and community growth and*
19 *economic development,*

20 *(C) what are the present policies of the vari-*
21 *ous departments, agencies, and instrumentalities*
22 *with respect to planning public works, and*

23 *(D) the extent to which the policies of each*
24 *such department, agency, and instrumentality*

1 *should be coordinated with an overall policy with*
2 *respect to public works planning and construction,*
3 *and methods for such coordination.*
4 *(3) report from time to time as he deems necessary*
5 *but not less often than once each year to the President*
6 *and Congress—*
7 *(A) all public works which are in the process*
8 *of being constructed, those which have been or are*
9 *being planned, and those which should be planned,*
10 *(B) the public works plan which he has pre-*
11 *pared under section 8 of this Act,*
12 *(C) any other recommendations with respect*
13 *to planning and coordination of public works.*
14 *Sec. 5. The Director shall, to the fullest extent possible,*
15 *cooperate with all departments, agencies, and instrumentali-*
16 *ties of State and local governments to insure the greatest*
17 *possible planning and coordination of public works projects*
18 *at all levels of government.*
19 *Sec. 6. The Director is authorized to make such rules*
20 *and regulations as may be necessary to carry out his duties*
21 *under this Act.*
22 *Sec. 7. (a) The Director is authorized to establish such*
23 *advisory committees and to consult with such persons and*
24 *organizations as he may deem necessary to carry out his*
25 *duties under this Act.*

1 *(b) The Director shall, in carrying out his duties under*
2 *this Act, utilize to the fullest extent possible the services,*
3 *facilities, and information of all departments, agencies, and*
4 *instrumentalities of Government as well as private agencies*
5 *in order to avoid duplication of effort and expense, and all*
6 *the departments, agencies, and instrumentalities of the Fed-*
7 *eral Government shall provide the Director with such serv-*
8 *ices, facilities, and information as he may determine necessary*
9 *to carry out his duties under this Act on a nonreimbursable*
10 *basis.*

11 *SEC. 8. (a) The Director is authorized and directed to*
12 *prepare and to keep current at all times a public works plan*
13 *which shall have as its basic purpose the acceleration of the*
14 *construction of public works necessary to increase employ-*
15 *ment and to stabilize the economy when required to offset*
16 *declines in economic activity.*

17 *(b) The public works plan authorized by subsection*
18 *(a) of this section—*

19 *(1) shall provide for the acceleration of those Fed-*
20 *eral public works projects which have been authorized*
21 *by Congress.*

22 *(2) shall provide for the acceleration of those public*
23 *works projects of States and local governments for which*
24 *Federal financial assistance is authorized under other*
25 *provisions of law.*

1 *(3) shall give priority to those public works proj-*
2 *ects which can—*
3 *(A) be initiated or accelerated within a rea-*
4 *sonably short period of time;*
5 *(B) meet essential public need;*
6 *(C) contribute significantly to the reduction of*
7 *unemployment.*
8 *Sec. 9. (a) For the purposes of this section the term*
9 *"eligible area" means—*
10 *(1) those areas which the Secretary of Labor desig-*
11 *nates each month as having been areas of substantial*
12 *unemployment for at least nine of the preceding twelve*
13 *months; and*
14 *(2) those areas which are designated by the Secre-*
15 *tary of Commerce under subsections (a) and (b) of*
16 *section 5 of the Area Redevelopment Act as "rede-*
17 *velopment areas".*
18 *(b) The President is authorized to initiate and acceler-*
19 *ate in eligible areas those Federal public works projects*
20 *which have been authorized by Congress, and those public*
21 *works projects of States and local governments for which*
22 *Federal financial assistance is authorized under provisions*
23 *of law other than this Act, by allocating funds appropriated*
24 *to carry out this section—*
25 *(1) to the heads of the departments, agencies, and*

1 *instrumentalities of the Federal Government responsible*
2 *for the construction of Federal public works projects,*
3 *and*
4 *(2) to the heads of the departments, agencies, and*
5 *instrumentalities of the Federal Government responsi-*
6 *ble for the administration of laws authorizing Federal*
7 *financial assistance to public works projects of States*
8 *and local governments.*
9 *(c) All grants-in-aid made from allocations made by*
10 *the President under this section shall be made by the head*
11 *of the department, agency, or instrumentality of the Fed-*
12 *eral Government administering the law authorizing such*
13 *grants, and, except as otherwise provided in this subsection,*
14 *shall be made in accordance with all of the provisions of such*
15 *law except (1) provisions requiring allocation of funds*
16 *among the States, and (2) limitations upon the total amount*
17 *of such grants for any period. Notwithstanding any provi-*
18 *sion of such law requiring the Federal contribution to be*
19 *less than 50 per centum of the cost of a project, grants-in-aid*
20 *may be made under authority of this section which bring the*
21 *total of all Federal contributions to such project up to 50*
22 *per centum of the cost of such project.*
23 *(d) There is hereby authorized to be appropriated not*
24 *to exceed $900,000,000 to be allocated by the President in*
25 *accordance with subsection (b) of this section, except that*

1 *not less than $300,000,000 shall be allocated for public*
2 *works projects in areas designated by the Secretary of Com-*
3 *merce as redevelopment areas under subsection (b) of sec-*
4 *tion 5 of the Area Redevelopment Act.*
5 *(e) The President shall prescribe rules, regulations,*
6 *and procedures to carry out this section which will assure*
7 *that adequate consideration is given to the relative needs*
8 *of eligible areas. In prescribing such rules, regulations, and*
9 *procedures the President shall consider among other relevant*
10 *factors (1) the severity of the rates of unemployment in the*
11 *eligible areas and the duration of such unemployment and*
12 *(2) the income levels of families and the extent of under-*
13 *employment in eligible areas.*
14 *(f) Funds allocated by the President under this section*
15 *shall be available only for projects—*
16 *(1) which can be initiated or accelerated within a*
17 *reasonably short period of time;*
18 *(2) which will meet an essential public need;*
19 *(3) a substantial portion of which can be completed*
20 *within 12 months after initiation or acceleration;*
21 *(4) which will contribute significantly to the reduc-*
22 *tion of local unemployment;*
23 *(5) which are not inconsistent with locally approved*

1 *comprehensive plans for the jurisdiction affected, wher-*
2 *ever such plans exist.*
3 *(g) Not more than 10 per centum of all amounts allo-*
4 *cated by the President under this section shall be made avail-*
5 *able for public works projects within any one State.*
6 *(h) The criteria to be used by the Secretary of Labor*
7 *in determining areas of substantial unemployment for the*
8 *purposes of paragraph (1) of subsection (a) of this section*
9 *shall be the criteria established in section 6.3 of title 29 of*
10 *the Code of Federal Regulations as in effect May 1, 1962.*
11 *SEC. 10. No part of any allocation made by the Presi-*
12 *dent under this Act shall be made available during any fiscal*
13 *year to any State or local government for any public works*
14 *project, unless the proposed or planned total expenditure*
15 *(exclusive of Federal funds) of such State or local govern-*
16 *ment during such fiscal year for all its capital improvement*
17 *projects is increased by an amount approximately equal to*
18 *the non-Federal funds required to be made available for such*
19 *public works project.*
20 *SEC. 11. (a) Paragraph (4) of subsection (b) of sec-*
21 *tion 202 of the Housing Amendments of 1955 is amended*
22 *by adding at the end thereof the following new sentence:*
23 *"This paragraph shall not apply to any financial assistance to*

1 *be extended under subsection (a) of this section for the pur-*
2 *pose of financing any project for public works or facilities*
3 *to be initiated or accelerated as the result of a grant-in-aid*
4 *from an allocation made by the President under section 9 of*
5 *the Public Works Acceleration Act."*

6 *(b) Section 202 of the Housing Amendments of 1955*
7 *is amended by adding at the end thereof the following new*
8 *subsection:*

9 *"(e) The Administrator is authorized to make a grant-*
10 *in-aid from any allocation made for such purpose by the*
11 *President under section 9 of the Public Works Acceleration*
12 *Act to any public entity described in clause (1) of subsection*
13 *(a) of this section of not to exceed 50 per centum of the*
14 *cost of construction of any project for public works or facili-*
15 *ties, if such project would be eligible (without regard to the*
16 *restrictions and limitations of subsections (b) and (c) of*
17 *this section) for financial assistance under clause (1) of*
18 *subsection (a) of this section in accordance with the rules*
19 *and regulations of the Administrator (as in effect on the date*
20 *of enactment of this subsection) relating to the types of public*
21 *works and facilities to which such assistance may be extended."*

22 *Sec. 12. Section 702 of the Housing Act of 1954 is*
23 *amended by adding at the end thereof the following new*
24 *subsection:*

1 *"(g) Notwithstanding any other provision of this sec-*
2 *tion, no advance made under this section for the planning*
3 *of any public works project shall be required to be repaid*
4 *if construction of such project is initiated as a result of a*
5 *grant-in-aid made from an allocation made by the President*
6 *under the Public Works Acceleration Act."*

Amend the title so as to read: "A bill to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; to reduce current unemployment through stimulating public works construction; and for other purposes."

Union Calendar No. 740

87TH CONGRESS
2D SESSION

H. R. 10113

[Report No. 1756]

A BILL

To establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes.

By Mr. BLATNIK

FEBRUARY 7, 1962

Referred to the Committee on Public Works

JUNE 2, 1962

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

Issued June 13, 1962
For actions of June 12, 1962
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HIGHLIGHTS: Senate passed Interior appropriation bill. Reps. Bolton and Harsha criticized farm bill. House received conference report on bill for agricultural import restrictions on nonparticipating countries in multilateral trade agreements. House committee reported foreign trade bill.

HOUSE

1. ADMINISTRATIVE PROVISIONS. Received from this Department a proposed bill "to facilitate the work of the Department of Agriculture"; to Agriculture Committee.

The proposed bill includes provisions as follows: Authorizes this Department to erect research facilities or other structures on land, the use of which is secured for the estimated life of, or need for, the structures; and authorizes the use of funds available to the Department for expenses in connection with acquiring the right to use land for such purposes. Permits the Department to use receipts for reimbursable meat inspection without fiscal year limitation. Authorizes grants for basic and applied research to State agricultural experiment stations and others, including individuals, to implement the programs of this Department. Authorizes this Department to purchase insurance coverage on its vehicles in foreign countries. Authorizes assignment of Agricultural Attaches and related personnel for duty in the continental United States, without regard to the civil service laws and without change

in grade, for not more than three years. Permits employees of this Department, while temporarily involved in a transfer to a State activity under the act of August 2, 1956 (interchange of employees between USDA and the States), to preserve their health benefits in the same manner as benefits under the Civil Service Retirement Act and the Group Life Insurance Act are retained. Authorizes the Department to acquire land by donation, exchange, or purchase at a nominal cost. Amends the present legislation providing for the Working Capital Fund of the Department so as to specifically provide for advances to the fund by agencies of the Department for whom central services are furnished through use of the fund. p. 9450

2. RECLAMATION. Began debate on H. R. 2206, to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colo. pp. 9396-401, 9401-29

3. FOREIGN TRADE; TEXTILES. Received the conference report on H. R. 10788, to amend Sec. 204 of the Agricultural Act of 1956 so as to authorize the President to regulate imports of textiles and textile products from nonparticipation countries of multilateral trade agreements (H. Rept. 1817). The conference report recommends that the Senate recede from its amendments which would have directed the President to negotiate agreements with foreign nations limiting the export to the U. S. of beef and beef products, pork and pork products, fresh and frozen lamb, poultry and poultry products, dairy products, and timber and timber products when in his judgment such imports seriously affect domestic producers; and provide that action taken under the bill should be consistent with trade agreement acts policy. pp. 9434, 9451

4. PUBLIC DEBT. The Rules Committee reported a resolution for the consideration of H. R. 11990, to provide for a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act (pp. 9396, 9450). The "Daily Digest" states that the committee "Granted a closed rule, waiving points of order, with 4 hours of debate, and making it in order to consider H. R. 12026 as a substitute for H. R. 11990." p. D462

5. PUBLIC WORKS. As reported, H. R. 10113, the proposed Public Works Acceleratio Act, includes provisions as follows: Establishes an Office of Public Works Coordination and Acceleration to encourage coordination of planning policies for public works construction. Requires the Director of the Office to colle information on Federal, State, and local public work activities and to report to the President and Congress at least annually on all public works in the process of being constructed, those which have been or are being planned, and those which should be planned. Requires the Director to utilize existing governmental and nongovernmental services, facilities and information to the fullest extent possible. Requires the Director to prepare and keep current a public works plan for the acceleration of the construction of public works necessary to increase employment and stabilize the economy when needed because of declining economic activity. Authorizes the appropriation of not to exceed $900 million to be allocated by the President to the heads of Federal departments and agencies to initiate and accelerate public works programs. Provides that not less than $300 million of the authorization shall be allocated for public works projects in areas designated by the Secretary of Commerce as rural redevelopment areas under the Area Redevelopment Act, provided that at least one-third of any appropriation of less than $900 million shall be allocated for projects in rural redevelopment areas. Provides that funds allocated by the President shall be available only for projects which can be initiated or accelerated within a reasonable period of time, which meet an essential public need, a substantial portion of which can be completed within a year after initiation or acceleration, which will contribute significantly to reduction of local unemployment, and which are

not inconsistent with locally approved comprehensive plans. Requires that not more than 10 percent of the amounts allocated shall be available for public works within any one State.

6. FARM PROGRAM. Rep. Bolton criticized the farm bill. p. 9435
Rep. Harsha criticized the farm bill, saying, "The farm bill in its present form is the most ominous power grab ever devised. This bill will destroy the last vestige of free enterprise among farmers, it is a nightmare of increased controls, costs and regimentation." pp. 9438-9

7. LUMBER. Rep. O'Hara, Ill., discussed the condition of the walnut veneer industry, saying, "Countries abroad, short of hardwood which they have squandered on their own soil, are buying increasing quantities of black walnut veneer logs in this country, driving up the price to astronomical figures and threatening the very existence of our domestic industry." He urged export controls that "would help promote the domestic economy and would not injure our foreign trade policies." pp. 9446-8

8. TEXTILES. Rep. Jonas discussed the plight of the domestic textile industry and said, "I respectfully request prompt action on the part of our Government to take such steps as may be necessary to halt this tremendously increasing flow of textile products into this country." pp. 9448-9

9. APPROPRIATIONS. Received from the President "amendments to the budget for the fiscal year 1963 involving a net decrease in the amount of $16,700,000 for the Agency for International Development" (H. Doc. 430). p. 9450

10. FOREIGN TRADE. The Ways and Means Committee reported with amendments H. R. 11970, the proposed Trade Expansion Act of 1962 (H. Rept. 1818). p. 9451

11. ATOMIC ENERGY. The "Daily Digest" states that the Joint Committee on Atomic Energy "in executive session, ordered favorably reported to the Senate and House, respectively, clean bills embodying amended versions of S. 3292 and H. R. 11733, fiscal 1963 authorizations for the Atomic Energy Commission." p. D462

12. LEGISLATIVE PROGRAM. Rep. Albert announced that H. R. 11990, the temporary increase in the public debt, will be considered on Wed., June 13. pp. 9434-5

SENATE

13. INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, 1963. Passed with amendments this bill, H. R. 10802 (pp. 9484-90, 9498-9523, 9524-32). Conferees were appointed (p. 9532).
Agreed to the following amendments:
By Sen. Magnuson, by a vote of 47 to 41, to increase from $2 million to $6 million the amount for acquiring by condemnation or otherwise additional roads needed for access to national forest lands, to remain available until expended. pp. 9484-90, 9498-9507
By Sen. Magnuson, by a vote of 49 to 40, to strike from his amendment above the terms "acquiring by condemnation or otherwise" and "to remain available until expended" (pp. 9508-9). Earlier a point of order was sustained against a motion by Sen. Magnuson to strike this language (pp. 9507-8).
Rejected, by a vote of 26 to 60, a motion by Sen Dirksen to recommit the bill to the Appropriations Committee with instructions to report it back to the Senate in a total amount for all purposes and items which shall not exceed the sum of $868,595,000. Sen. Dirksen explained that his proposal would have cut the proposed appropriation by $48 million. pp. 9524-9

14. FORESTRY. Sen. Neuberger discussed Forest Service timber sales policies and inserted Secretary Freeman's reply to proposals by the National Lumber Manufacturers Association for modificattions in Forest Service timber sales policies and procedures, timber rates, appeals from adverse decisions of the Forest Service, and the present timber sales contract form. pp. 9456-9

15. FOREIGN AID. Both Houses received from the President the final annual report on the operations of the mutual security program for the period ending June 30, 1961 (H. Doc. 432). pp. 9401, 9453

16. FARM PROGRAM. Sen. Morse inserted an article by Dr. Cochrane in the USDA Employee News Bulletin presenting in "capsule form, the philosophy of the Kennedy farm program." p. 9473

Sen. Morse inserted a farmer's letter urging him to support the Administration's farm legislation and stating that "this legislation will do more to solve the problem and is the most effective method yet proposed for that purpose." p. 9473

Sen. Lausche inserted a farmer's letter criticizing the Administration's farm program and stating that payments he received for taking land out of production were more than the land originally cost. p. 9482

17. SOIL CONSERVATION. Sen. Morse inserted a National Association of Soil Conservation Districts resolution commending SCS Administrator Williams for his administration of the soil and water conservation programs. pp. 9473-4

18. RECLAMATION. Sen. Proxmire spoke in opposition to the proposed Glen Elder dam and irrigation project in Kan., and inserted several letters supporting his position. pp. 9460-2

19. EDUCATION. Sen. Morse inserted Sen. Benton's speech before the United Parents Association on current problems in educational research. pp. 9476-8

20. DEFENSE DEPARTMENT APPROPRIATION BILL, 1963. This bill, H. R. 11289, was made the unfinished business. p. 9533

21. SOLAR ENERGY. Sen. Humphrey urged creation of an Office of Solar Energy within the Department of the Interior. p. 9533

22. DRUGS; RESEARCH. Sen. Kefauver inserted an analysis of amendments being considered by the Judiciary Committee to S. 1552, to amend the antitrust laws with respect to the manufacture and distribution of drugs. pp. 9533-5

ITEMS IN APPENDIX

23. TRANSPORTATION. Extension of remarks of Rep. Younger inserting an address urging enactment of legislation to aid transportation problems. pp. A4288-90

24. RECREATION; LANDS. Extension of remarks of Sen. Williams, N. J., stressing the importance of keeping publicly owned land from the "blight of unplanned urban sprawl." p. A4290

25. LEGISLATIVE PROGRAM. Extension of remarks of Sen. Wiley discussing the progress of major legislation in Congress and stating that "...the outlook is not only for longer than usual, but also an extraordinarily busy session of Congress." p. A4294

26. FARM PROGRAM. Extension of remarks of Rep. Cunningham inserting a statement made by Dr. Ralph following his appearance before the House Government Operations Committee regarding his relationship with Billie Sol Estes. pp. A4295-6

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued August 10, 1962
For actions of August 9, 1962
87th-2d - No. 139

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HIGHLIGHTS: House subcommittee voted to report wilderness bill. House Rules Committee cleared public works acceleration bill. Rep. Beckworth criticized feed grain payments. Sen. Williams, Del., criticized payments to farmers under farm program. Sen. Morse urged immediate consideration of farm bill. Senate passed bill for development of outdoor recreation programs. Sen. Proxmire submitted and discussed measure to provide analyzation of benefit-cost ration of water resource development projects.

HOUSE

1. WILDERNESS. The Subcommittee on Public Lands of the Interior and Insular Affairs Committee voted to report to the full committee with amendment H. R. 776, to establish a National Wilderness Preservation System. p. D708

2. FEED GRAINS. Rep. Beckworth criticized the feed grains program and inserted a table of payments under the 1961 program. pp. 14982-3

3. PUBLIC WORKS. The Rules Committee reported a resolution for the consideration of H. R. 10113, to establish an Office of Public Works Coordination and Acceleration, and to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels. pp. 14968, ~~14987~~

4. TRADEMARKS. Both Houses received from Commerce a proposed bill to amend the act of 1946 regarding importation of trademarked articles; to Judiciary Committees. pp. 14987, 14990

5. COMMUNICATIONS. The Government Operations Committee reported with amendment H. R. 11899, to amend the Federal Property and Administrative Services Act of 1949, as amended, to provide for a Federal telecommunications fund (H. Rept. 2164). p. 14988

6. LANDS; RESEARCH. The Government Operations Committee reported with amendment H. R. 10134, to authorize GSA to convey certain ARS land in Prince Georges County, Md., to the American National Red Cross (H. Rept. 2165). p. 14988

7. PERSONNEL. The Subcommittee of the Post Office and Civil Service Committee voted to report to the full committee with amendment H. R. 3258, to allow credit under the Civil Service Retirement Act to certain Federal employees for service in Federal-State cooperative programs in a State. p. D708

8. OCEANOGRAPHY. The Subcommittee on Oceanography of the Merchant Marine and Fisheries Committee voted to report to the full committee with amendment H. R. 12601, to provide for a comprehensive, long-range, coordinated national program in oceanography. p. D708

9. APPROPRIATIONS. The Appropriations Committee was granted until midnight Fri. to file a report on the military construction appropriation bill. p. 14967

10. LEGISLATIVE PROGRAM. Rep. Boggs announced that H. R. 1341, safety standards for motor vehicles, will be considered on Mon., the military construction appropriation bill beginning on Tues., and the public works appropriation bill on Thurs. p. 14969

11. ADJOURNED until Mon., Aug. 13. p. 14987

SENATE

12. FARM PROGRAM. Sen. Williams, Del., charged that the Government was making payments to farmers to retire farm land while at the same time leasing Government-owned land for agricultural production, and inserted several items to support his position. pp. 15040-1

Sen. Morse urged immediate consideration of the farm bill, stating that those opposed to the communications satellite bill were being blamed for delaying action on the farm bill. pp. 15064, 15068

13. FORESTRY; OUTDOOR RECREATION. Passed with amendments S. 3117, to promote the coordination and development of Federal-State programs of outdoor recreation. pp. 15038-9

14. FOREIGN TRADE. Sen. Dirksen inserted the testimony of David W. Kendall before the S. Finance Committee critical of some of the provisions of the proposed foreign trade bill and urging certain modifications. pp. 15010-1

15. PUBLIC LANDS. Sen. Metcalf inserted the statement of the director of the Bureau of Land Management, "Land and Water Conservation Research Needs for Public Land Administration." pp. 15012-4

Sen. Engle inserted an editorial favoring greater recreational facilities on our public lands. p. 15015

Agreed to a resolution authorizing the printing as a Senate document a study, "Trial Program of Public Land Range Appraisal." p. 15079

16. WILDLIFE; UNDER SECRETARIES. Passed without amendment S. 3504, to authorize the Secretaries of Agriculture, Interior, and Commerce to designate the Under Secretary or an assistant Secretary to serve as their alternates on the Migratory Bird Conservation Commission. p. 15078

87TH CONGRESS 2d Session } HOUSE OF REPRESENTATIVES { REPORT No. 2159

CONSIDERATION OF H.R. 10113

AUGUST 9, 1962.—Referred to the House Calendar and ordered to be printed

Mr. DELANEY, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 755]

The Committee on Rules, having had under consideration House Resolution 755, report the same to the House with the recommendation that the resolution do pass.

House Calendar No. 302

87TH CONGRESS
2D SESSION

H. RES. 755

[Report No. 2159]

IN THE HOUSE OF REPRESENTATIVES

AUGUST 9, 1962

MR. DELANEY, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

---

RESOLUTION

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10113) to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of

1 the Committee on Public Works, the bill shall be read for
2 amendment under the five-minute rule. It shall be in order
3 to consider without the intervention of any point of order the
4 substitute amendment recommended by the Committee on
5 Public Works now in the bill and such substitute for the
6 purpose of amendment shall be considered under the five-
7 minute rule as an original bill. At the conclusion of such
8 consideration the Committee shall rise and report the bill to
9 the House with such amendments as may have been adopted,
10 and any member may demand a separate vote in the House
11 on any of the amendments adopted in the Committee of the
12 Whole to the bill or committee substitute. The previous
13 question shall be considered as ordered on the bill and amend-
14 ments thereto to final passage without intervening motion
15 except one motion to recommit with or without instructions.
16 After the passage of the bill H.R. 10113, it shall be in order
17 in the House to take from the Speaker's table the bill
18 S. 2965 and to move to strike out all after the enacting clause
19 of said Senate bill and to insert in lieu thereof the provisions
20 contained in H.R. 10113 as passed by the House.

House Calendar No. 302

87TH CONGRESS
2D SESSION

H. RES. 755

[Report No. 2159]

RESOLUTION

Providing for the consideration of H.R. 10113, a bill to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes.

By Mr. DELANEY

AUGUST 9, 1962

Referred to the House Calendar and ordered to be printed

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 87th CONGRESS, SECOND SESSION

Vol. 108 WASHINGTON, THURSDAY, AUGUST 9, 1962 No. 139

House of Representatives

The House met at 12 o'clock noon.

The Reverend William D. Slates, Fort Ashby, W. Va., offered the following prayer:

Almighty, all wise, all loving God, whom to know is life eternal, unto Thee we turn this day in grateful praise for Thy loving kindness. Open our minds to greater knowledge of Thee; then shall we render unto Thee a deeper love and fuller commitment of our lives.

Forgive us our national and personal sins. Grant us great sympathy with all the peoples of the earth in their quest for life and liberty. Help us share our blessings with others. Enable us to stand for righteousness and truth against their enemies. Lead us in paths of peace.

Bless, we pray, all those in seats of government. May they be guided and sustained by Thy holy spirit. In Jesus' name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 23. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Arbuckle reclamation project, Oklahoma, and for other purposes;

H.R. 3372. An act for the relief of Barbara W. Trousil, Edward G. Trousil, and Robert E. Trousil;

H.R. 5139. An act for the relief of Helena M. Grover;

H.R. 10276. An act to change the name of the Petersburg National Military Park, to provide for acquisition of a portion of the Five Forks Battlefield, and for other purposes;

H.R. 11400. An act to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing;

H.R. 11405. An act to provide for the maintenance and repair of Government improvements under concession contracts entered into pursuant to the act of August 25, 1916 (39 Stat. 535), as amended, and for other purposes; and

H.R. 12547. An act to amend the act of August 7, 1946, relating to the District of Columbia hospital center, to extend the time during which appropriations may be made for the purposes of that act.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 8134. An act to authorize the sale of the mineral estate in certain lands;

H.R. 10566. An act to provide for the withdrawal and orderly disposition of mineral interests in certain public lands in Pima County, Ariz.;

H.R. 10651. An act to amend title 28, United States Code, with respect to fees of U.S. marshals, and for other purposes;

H.R. 10852. An act to continue for a temporary period the existing suspension of duties on certain classifications of spun silk yarn; and

H.R. 10928. An act to transfer casein or lactarene to the free list of the Tariff Act of 1930.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 55. An act to authorize the establishment of the Fort Bowie National Historic Site, in the State of Arizona, and for other purposes;

S. 1878. An act to add certain lands to the Wasatch National Forest, Utah, and for other purposes;

S. 2771. An act for the establishment of a Commission on Science and Technology;

S. 3013. An act to amend the act of July 2, 1940, as amended, relating to the recording of liens on motor vehicles and trailers registered in the District of Columbia, so as to eliminate the requirement that an alphabetical file on such liens be maintained;

S. 3153. An act to guarantee electric consumers in the Pacific Northwest first call on electrical energy generated in Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes;

S. 3314. An act to amend the District of Columbia Public School Food Services Act;

S. 3317. An act to amend provisions of law relating to personal property coming into the custody of the property clerk, Metropolitan Police Department, and for other purposes;

S. 3574. An act to extend the International Wheat Agreement Act of 1949; and

S. 3580. An act to amend the Atomic Energy Community Act of 1955, as amended, to provide for the disposal of federally owned properties at Los Alamos, N. Mex., and for other purposes.

COMMITTEE ON APPROPRIATIONS

Mr. SHEPPARD. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tomorrow night to file a report on the bill making appropriations for military construction for the Department of Defense, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HORAN. Mr. Speaker, I reserve all points of order on the bill.

COMMITTEE ON FOREIGN AFFAIRS

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may have until midnight Friday next to file a report on the bill S. 2768.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

CRIME IN THE DISTRICT OF COLUMBIA

(Mr. CHAMBERLAIN asked and was given permission to address the House for 1 minute.)

Mr. CHAMBERLAIN. Mr. Speaker, I rise to voice, in the strongest terms, my shock and indigation at the recent robbery of Mrs. Isabell Hathaway, of Lansing, Mich., only a few blocks from this Chamber. Such incidents—and they are apparently on the increase—cannot be tolerated, especially in the Nation's Capital. If American citizens cannot visit their seat of government without fear of being attacked and robbed, how can we talk of freedom in this country? How can we point to our Capitol dome as the symbol of freedom for the rest of the world?

Frankly, I am not certain as to just what the situation here requires in order to get results and to make the District of Columbia safe, but I do know

that effective action can and must be taken. If an expanded police force is needed, then let us have it. If stronger procedures for dealing with criminal suspects are required, then let us permit them. Whatever is demanded—and I intend to make inquiries to find out—we, as Members of the Congress of the United States and as inhabitants of the District of Columbia, cannot permit ourselves to be insensitive to the needs of the District government necessary to assure the safety of all residents and visitors in the Nation's Capital. If we do not provide what is necessary to protect this community against criminal activity, we have breached our responsibility to the American people.

JOE GLEN SMITH, OF SAN MATEO, CALIF.

(Mr. YOUNGER asked and was given permission to address the House for 1 minute.)

Mr. YOUNGER. Mr. Speaker, this is an important day for thousands of Joe Smiths in this country, for one of their number has been selected to visit the Capital to see the workings of the Government, but more especially to see how the accounts of all Joe Smiths are kept separately by the Social Security Administration.

Our district was honored because one of our Joe Smiths was chosen for this experiment. He is Joe Glen Smith, of San Mateo, Calif., accompanied by his wife, Maxine, daughter Becky, 5, and son Hal, 3. Their tour will be recorded by news and television to the end that our citizens who are paying into social security will be better informed as to how their records are kept at the record-keeping center in Baltimore and how their Government operates here in Washington.

This Joe Smith is an airline employee who spends his spare time in herb gardening and has over 35 varieties of herbs growing in his backyard under that wonderful California climate which we enjoy in San Mateo.

To their credit, these Joe Smiths are making this trip at their expense.

HERBERT HOOVER

(Mr. BROWN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWN. Mr. Speaker, tomorrow, August 10, is the 88th birthday of our beloved former President, Herbert Hoover, at which time, in the little community in which he was born, West Branch, Iowa, he will speak at the dedication of a Presidential library created by a recent act of Congress. It may be of interest to all of us to remember that the author of that particular act was the Speaker of the House of Representatives, the gentleman from Massachusetts [Mr. McCORMACK]. Former President Truman and other dignitaries will be present and will participate in the dedication of this tribute to a great American.

As Mr. Hoover's address cannot be used for a press release until noon Washington time on August 10, I shall request permission to insert a copy of his speech in the Appendix of the CONGRESSIONAL RECORD of August 10, which, of course, will not be printed and distributed to the public until after the dedicatory address has been delivered.

I am taking this action because I believe it most applicable that the CONGRESSIONAL RECORD carry the address of this great former President, Herbert Hoover, on the day he delivers it—his 88th birthday. I am sure that every Member of the Congress, regardless of political affiliation, joins me in expressing the hope that this great humanitarian and servant of the people, Herbert Hoover, may live to celebrate many more birthdays in good health.

Mr. BOGGS. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield to the gentleman from Louisiana.

Mr. BOGGS. I should like to associate myself with the most appropriate remarks the distinguished gentleman from Ohio has made in connection with the 88th birthday of former President Hoover. He has lived a long, productive, and useful life and has been a great credit to our country.

Mr. BROWN. I thank the gentleman.

CORRECTION OF ROLLCALL

Mr. DULSKI. Mr. Speaker, on rollcall No. 189, a quorum call, I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the permanent RECORD and Journal be corrected accordingly.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CALL OF THE HOUSE

Mr. ASPINALL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. BOGGS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 194]

Abernethy	Frazier	O'Konski
Albert	Gray	Osmers
Alexander	Halleck	Passman
Andersen, Minn.	Harrison, Va.	Powell
	Harsha	Purcell
Ashley	Hébert	Rains
Baring	Hoeven	Riley
Barrett	Hoffman, Mich.	Rogers, Tex.
Bass, N.H.	Ichord, Mo.	Santangelo
Blatnik	Johnson, Md.	Saund
Blitch	Jones, Mo.	Schwengel
Bromwell	Karsten	Scranton
Celler	Kilburn	Seely-Brown
Chiperfield	Kitchin	Shipley
Collier	Landrum	Smith, Miss.
Colmer	Lesinksi	Spence
Cramer	Loser	Stephens
Cunningham	McSween	Taber
Curtis, Mass.	McVey	Thompson, La.
Dawson	Madden	Van Pelt
Dent	Magnuson	Wilson, Ind.
Diggs	Martin, Mass.	Winstead
Dooley	Mason	Wright
Durno	Merrow	Yates
Flynt	Moulder	Zelenko

The SPEAKER. On this rollcall 361 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERSONAL ANNOUNCEMENT

Mr. BAILEY. Mr. Speaker, on yesterday, on rollcall No. 193, I was absent due to an important conference with the new Secretary of Health, Education, and Welfare. Had I been present, I would have voted "yea."

OFFICE OF PUBLIC WORKS COORDINATION AND ACCELERATION

Mr. SISK, from the Committee on Rules, reported the following privileged resolution (H. Res. 755, Rept. No. 2159) which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10113) to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Public Works now in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of the bill H.R. 10113, it shall be in order in the House to take from the Speaker's table the bill S. 2965 and to move to strike out all after the enacting clause of said Senate bill and to insert in lieu thereof the provisions contained in H.R. 10113 as passed by the House.

COMMITTEE TO INVESTIGATE AND REPORT ON CAMPAIGN EXPENDITURES

Mr. SISK, from the Committee on Rules, reported the following privileged resolution (H. Res. 753, Rept. No. 2160), which was referred to the House Calendar and ordered to be printed:

Resolved, That a special committee of five Members be appointed by the Speaker of the House of Representatives to investigate and report to the House not later than January

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

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For actions of August 28, 1962
87th-2d, No. 154

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HIGHLIGHTS: House Rules Committee reported rule to send farm bill to conference. Several Senators defended Under Secretary Murphy against recent criticism. House passed appropriations continuation resolution. House began debate on public works acceleration bill. Rep. Johnson, Wis., inserted Secretary's statement criticizing CED farm policy report. Senate subcommittee voted to report roads bill. Senate committee reported measure for designation of National School Lunch Week.

HOUSE

1. APPROPRIATIONS. Passed without amendment H. J. Res. 864, the appropriations continuation resolution to make temporary appropriations until September 30, 1962, for those departments and agencies whose annual appropriation bills have not yet been enacted. p. 16847

2. FARM PROGRAM. The Rules Committee reported a resolution to send to conference H. R. 12391, the proposed Food and Agriculture Act of 1962. p. 16922
   Rep. Johnson, Wis., criticized the farm policy proposals of the Committee for Economic Development and inserted a statement by Secretary Freeman criticizing these proposals. pp. 16909-12

3. COMMITTEES. Rep. Marshall resigned from, and Rep. Smith, Iowa., was elected to, the Appropriations Committee. p. 16847

4. PUBLIC WORKS. Began debate on H. R. 10113, the public works acceleration bill. pp. 16855-95

5. PARKS. Rep. Aspinall, Rep. Rutherford, and Rep. Saylor urged enactment of S. 2429, to revise the boundaries of the Virgin Islands National Park, St. John, V.I. pp. 16896-7

6. MILK. Rep. Halpern discussed the radioactive contamination of milk and said, "The problem of radioactive fallout is clearly a Federal responsibility." pp. 16918-20

7. PERSONNEL; VETERANS. Received from the Defense Department a proposed bill "to exempt certain Reserve officers of the Army or Air Force from the dual compensation restrictions of the Economy Act of June 30, 1962, as amended"; to Armed Services Committee. p. 16921

SENATE

8. FARM PROGRAM. Sens Morse, Burdick, Humphrey, Ervin, Sparkman, and Carroll commended the integrity, honesty, and public service of Under Secretary Murphy, and defended him against recent criticism relative to his role in the Estes case. pp. 16803-8

9. ROADS. The Subcommittee on Public Roads of the Public Works Committee voted to report to the full committee with amendments H. R. 12135, the road authorization bill. The "Daily Digest" states that one of the amendments would "add $10 million for fiscal 1963 for forest roads and trails."

10. SCHOOL LUNCH. The Judiciary Committee reported without amendment S. J. Res. 211, providing for the designation of a week each year as National School Lunch Week (S. Rept. 1929). p. 16752

11. FORESTRY. The Interior and Insular Affairs Committee voted to report with amendmend (but did not actually report) S. 2387, to authorize the establishment of the Canyonlands National Park, Utah. p. D778

Sen. Cooper submitted an amendment intended to be proposed to H. R. 8355, authorizing executive agencies to grant easement in, over, or upon real property of the U. S., so as to exclude lands reserved, dedicated, or acquired for national forest purposes. pp. 16753-4

12. TAXATION. Continued debate on H. R. 10650, the proposed Revenue Act of 1962 (pp. 16767-803, 16808-9, 16814-46). Agreed to the committee amendment relating to taxation of cooperatives, but deferred until later consideration of the committee amendment relating to deductions for farmers for land-clearing expenses (See Digest 150 for a summary of these amendments)(pp. 16767-90).

13. AMERICAN SAMOA. Agreed to the conference report on H. R. 10062, to extend the application of certain laws to American Samoa (see Digest 150 for an explanation of the bill as reported out of conference). p. 16813-4

14. LOANS. Agreed to the House amendments to S. 3327, to make certain federally impacted areas eligible for assistance under the public facility loan program. This bill will now be sent to the President. p. 16814

15. TRANSPORTATION. The Commerce Committee voted to report (but did not actually report) with amendment S. 3509, to place transactions involving unifications or acquisitions of control of freight forwarders under regulation of the Interstate Commerce Act. p. D778

Which in our money is about $500 million—

have been moved by 33 lorries during the last 3 weeks from the U.S. depository at Fort Knox, Ky., to an undisclosed destination. Police escorted the lorries.

Each lorry carried gold weighing 33,000 pounds. It was one of the most secret and highly planned transport operations carried out in the United States.

A Fort Knox spokesman refused to comment today. But it is believed the movement may be connected with foreign drain on the gold stocks which declined $682 million (£243,575 million) up to July 25, according to the Federal Reserve Board.

LOADED INTO TRAIN

Maj. Russell McDaniel, Kentucky police chief, said his men met the lorries at an Army post and escorted them to Jeffersonville, where Indiana police took over. The gold was loaded into a train for a secret destination.

"The caravan traveled every other day at 50 miles an hour without a stop," he added. "If one lorry had had an accident the gold might have spilled out."

It might be well for some committee of the Congress to investigate this movement of over $500 million in gold.

PROPOSED HONORARY CITIZENSHIP FOR SIR WINSTON CHURCHILL

(Mrs. BOLTON asked and was given permission to address the House for 1 minute, and to revise and extend her remarks.)

Mrs. BOLTON. Mr. Speaker, I am introducing today a joint resolution to confer honorary U.S. citizenship upon Sir Winston Churchill. This was first suggested in an article by Miss Kay Halle of Cleveland and Washington which appeared in the Cleveland Plain Dealer of July 23. Miss Halle is a long time friend of the Churchill family. I applaud her suggestion and very much hope the Congress will follow through by unanimously passing my joint resolution.

Very few individuals in history have made an imprint on their times as Winston Churchill has on the 20th century. The entire world is aware of his leadership, both in his native land and in the struggle of the free world against nazism, fascism, and communism. He is one of the honored few whose names themselves speak for their achievements—as a writer, a historian, an author.

As the son of an American mother and an English father, Winston Churchill, more than any other, truly epitomizes the union between the two great English-speaking peoples. His courage and devotion to the cause of freedom and human dignity have served to challenge and inspire our Nation to victory in war and to achievement in peace. The gift of honorary citizenship of the United States of America is one honor, one token of rare esteem and love which is within this Nation's power to bestow, and which is worthy of Winston Churchill's place in history. Surely there is no more fitting demonstration of the respect and gratitude which we hold for this champion of mankind than the gift of citizenship—the most highly prized possession of every patriotic American.

It is my hope that prompt action will be taken on the joint resolution which I am proposing to bestow this honor on this great man.

CALL OF THE HOUSE

Mr. BROWN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 205]

Alger	Frazier	Morris
Andersen, Minn.	Garland	Morrison
	Grenahan	Moulder
Baring	Gray	Norrell
Bass, N.H.	Hall	O'Brien, Ill.
Blitch	Harrison, Va.	Pilcher
Bolling	Hébert	Powell
Boykin	Henderson	Rivers, Alaska
Brewster	Hoffman, Ill.	St. Germain
Celler	Hoffman, Mich.	Santangelo
Curtis, Mass.	Ichord, Mo.	Saund
Davis, Tenn.	Kearns	Scherer
Dawson	Kilburn	Shelley
Donohue	Kowalski	Spence
Dooley	McDowell	Steed
Ellsworth	McMillan	Thompson, La.
Evins	McSween	Thomson, Wis.
Farbstein	McVey	Weaver
Fogarty	Macdonald	
Forrester	Merrow	

The SPEAKER. Three hundred and seventy-three Members have answered to their names, a quorum.

By unanimous consent further proceedings under the call were dispensed with.

CORRECTION OF ROLLCALL

Mr. HEALEY. Mr. Speaker, on rollcall No. 200 I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the permanent RECORD and Journal may be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

CORRECTION OF RECORD

Mr. ROOSEVELT. Mr. Speaker, in the RECORD for Monday, August 27, on page 16596, my remarks are incorrectly quoted, and I ask unanimous consent to make the following corrections therein in the permanent RECORD:

Beginning with the third sentence:

The strength, and not the weakness, of our form of government comes from our ability thus to change our Constitution. Better late than never, but this is a vote for which every American can be proud.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PUBLIC WORKS COORDINATION AND ACCELERATION ACT

Mr. DELANEY. Mr. Speaker, by direction of the Committee on Rules I call up the resolution (H. Res. 755) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10113) to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Public Works now in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of the bill H.R. 10113, it shall be in order in the House to take from the Speaker's table the bill S. 2965 and to move to strike out all after the enacting clause of said Senate bill and to insert in lieu thereof the provisions contained in H.R. 10113 as passed by the House.

Mr. DELANEY. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Ohio [Mr. BROWN]; and at this time I yield myself such time as I may consume.

Mr. Speaker, this resolution makes in order the consideration of the bill (H.R. 10113), the public works acceleration bill.

Mr. Speaker, unemployment has been a problem in this country continuously for the past 5 years. At no time during that period has unemployment dropped below 5 percent of the labor force and in 1958 and in 1960 the Nation suffered from recession. Over the past year the economy as a whole has shown gains but not at the rate or to the extent that we would all like to see. We still have 4 million jobless men and women and there is serious concern whether or not the current recovery will bring us all the way back to prosperity. In many communities unemployment is far more severe than the national average creating serious suffering for the people who live there and acting as a drag on the entire economy.

The President has urged the Congress to take favorable action on this public works bill as a vital part of our efforts to revitalize business activity. This bill is designed to combat unemployment through the creation of urgently needed Federal, State, and local public works.

The bill would authorize the appropriation of $900 million of which one-

third would be reserved for small towns and rural areas. Let me emphasize that there is no backdoor financing in this bill. These funds could be authorized for Federal construction or for 50 percent matching grants to State and local governments for eligible projects. Federal projects which can be built or accelerated under this bill are limited to those which have been specifically authorized by the Congress. For example, Federal projects could be small watershed, river and harbor and flood control projects, public buildings, soil conservation, reforestation, and construction in national parks, and so forth.

A wide range of State and local projects could be aided under the bill provided that they meet an essential public need. Schools, however, are not eligible for aid under the bill. Examples of local projects which could receive this system include water and sewer systems, public and private nonprofit hospitals, streets, public buildings and so forth.

There are three important restrictions imposed by the bill on any project which receives aid. First, the bill requires that it "meet an essential need" thus ruling out any project of a luxury nature. Second, the bill requires that any project to be aided must be one that can be started promptly, so the funds will be put to use quickly to bring prompt relief to the unemployed. Third,, the project must be one in which a substantial portion can be constructed within 12 months. This requirement both assures that the aid to the unemployed will be given in the very near future and at the same time it rules out disproportionately large undertakings.

Mr. Speaker, the entire country will benefit from the incomes created by this bill and from the construction materials to be used. However, to assure that the first impact will be in those places which are suffering most seriously from high unemployment, the bill requires that a project must be located in an area designated as eligible under the Area Redevelopment Act or 1 of the 122 places which have suffered from unemployment of 6 percent or more in 9 of the past 12 months. Under the Area Redevelopment Act, 149 large and small industrial labor markets are eligible along with 767 rural counties and 50 Indian reservations. A complete list of eligible areas has been published by the committee in several places—the committee report, a special committee print of the highlights of the bill and in the CONGRESSIONAL RECORD.

Mr. Speaker, the bill as reported by the committee includes a provision which would create a new office, that of Public Works Coordination and Acceleration, designed to serve an informational and advisory function. I am informed that the committee intends to offer an amendment eliminating this provision so I will not go into it now.

Mr. Speaker, this legislation was carefully considered in 2 full weeks of hearings and has been widely discussed since then. I am sure most Members are familiar with the contents of the bill and the need for favorable action. I urge all my colleagues to support this legislation.

Mr. BROWN. Mr. Speaker, I yield myself such time as I may consume.

(Mr. BROWN asked and was given permission to revise and extend his remarks.)

Mr. BROWN. Mr. Speaker and Members of the House, as my very able colleague on the Rules Committee, the gentleman from New York [Mr. DELANEY], has explained, this resolution makes in order the consideration of H.R. 10113 under an open rule and 4 hours of general debate, with all points of order waived, and with the right to substitute the Senate bill. This is a measure which provides for the appropriation and expenditure, without too many restrictions, of some $900 million in what is termed to be public works acceleration, by the President as he may determine, in his own wisdom, is necessary for the purpose of helping depressed areas, or to be of assistance in areas having 6 percent or more of unemployment for at least 9 out of the last 12 months. In other words, this measure, while broad in its scope, is not entirely general, because there are many sections of our country which could not possibly benefit under it, and could not obtain any assistance for public works projects unless they met the criteria set up in the bill, unless the areas affected were depressed, or unless there were heavy surplus labor areas for a period of at least 9 months.

Mr. Speaker, this bill is an unusual measure, not only granting the President great and broad powers which have never been enjoyed by any President in all history as far as controlling public works and community facilities expenditures are concerned, a bill which bypasses Congress to a great extent and in my opinion would eventually greatly injure, if not completely wreck the long-established procedure of the Congress in handling public works projects whereby, first of all, the Corps of Army Engineers, as you know, must pass upon the feasibility and the cost of a project; the project must be approved by the Bureau of the Budget; it must clear the House Committee on Public Works—the legislative committee—it must be approved by the Secretary of the Army also; it must be approved by the House itself, and it must then be approved by the Senate Public Works Committee and by the Senate, itself. Then, in the last analysis, it must be approved by the President.

Instead, this bill would substitute a new method, to some extent, at least, for that which time has been proven so good throughout the entire history of this country. That is the system we now use for the establishment of individual public works authorizations and public works appropriations, cleared by the Congress of the United States. The Congress itself would have little or nothing to say about how the $900 million contained in this bill might be expended.

Mr. Speaker, as justification for this legislation it is claimed we must be ready to meet any sort of a national emergency as far as unemployment is concerned; that we must have these funds available for the use of the President in order to stave off some fearsome depression or recession that someone sees in the future, perhaps.

It might be of interest to note just what antidepression funds are already available, what has already been done by this Congress to help depressed areas in this country, to help these areas where we have unemployment to a greater degree than any of us want, of course, and where a real problem is created by such unemployment; where we already have established funds for community facilities and for public works. Let us look at the record for a moment, if you please, to see what is already available, ready to be used, by the Federal Government to give employment in these areas if such becomes necessary, to meet the difficulties which may arise from a recession or a depression.

Let us see what we have here. On August 14, a little less than 2 weeks ago, the Secretary of Commerce authorized the immediate release to the various States of the Union of some $1,994,104,000 in additional obligational authority under the Federal aid highway program for the fiscal year 1963. That is for this year, if you please. This release of funds was made a year in advance, and is in addition to the regular quarterly release of $948,840,000 for the Federal aid highway construction program which will be made in the year of 1963. Which means what? It means that in the 10 months ahead, there will be pumped into our national economy, between now and June 30 next, an additional $1,994,104,000 on highway construction alone, above that amount already provided for by the Congress.

Let us go further and see what else is available. As of August 20, just about a week ago, the Veterans' Administration had available at its disposal, by act of Congress, if you please—now we are being told we are not meeting our obligations—$450 million for the Veterans' Administration direct loan program. For some strange reason, in the months that have gone by, these funds were held up; the veterans were not able to get the housing loans which Congress had provided for them.

Let us go a little further and see what other moneys we have. By act of this Congress, the Community Facilities Administration—that is, for public facilities—has available now $447,400,000 that can be expended to meet any threat of depression, or to give employment where such may be necessary.

The urban renewal program: We have heard a lot about that. What has Congress done about it? There are still available right now Federal funds for urban renewal in the amount of $1,173 million. Voted by whom? Not by the President, not distributed to him, but voted by the Congress of the United States and available right now in case of need.

The Maritime Administration has available, under the shipbuilding program, $64 million, believe it or not, voted by the Congress. And that means jobs,

of course, if the shipbuilding program is pushed along.

The Area Redevelopment Administration—that is for public facilities grants and loans programs—has $66 million available right now, or as of August 20. Voted by whom? By the Congress of the United States.

The Farmers Home Administration has available in its housing program, the loan program which was discussed here yesterday for a short time, the tidy sum of $302 million. Yet we are told in connection with this bill how necessary it is to go out into the rural districts to help unemployment and to meet a sad situation, with all this money available; and who voted it? The Congress of the United States.

I grow just a little sad of hearing the story of how the Chief Executive, I do not care who he may be or to what political party he may belong, that it is the President that must serve the people, that he must be given extraordinary power and authority, more and more power, if you please, to decide what ought to be done with the people's money because the people's lawmakers, their elected Representatives in Congress, have failed to meet their obligations. Of course, the record proves that such charges are not true, and that we do not need this $900 million in funds to be placed upon the shelf to be used as the President may see fit, wherever he may desire under this criteria, at any time he may decide, not needed, not necessary, because the Congress has done its duty, the Congress has provided the huge funds that are now under his control, or the control of those he has appointed to public office who are responsible to him as the Chief Executive. There is $2,502,400,000 already available to use for the very same purposes we are told the $900 million carried in this bill would be used for, and therefore it is not necessary for us to vote for this measure in order to meet these public needs and requirements.

Now, let us stop and reason with each other for a moment. Let us think, if you will. Not a penny of this $900 million has been included in the Federal budget, as have these other sums I have mentioned to you which have already been appropriated and authorized by the Congress. What does that mean? It means if this legislation is enacted into law we will be increasing the deficit in our budget for the year 1963 by another $900 million. This means, of course, that if we have a tax cut, as the President has proposed, we will have a budget deficit in 1963 of anywhere from $8 to $12 billion.

Oh, yes. Under this legislation the President is free to use his own judgment. This new agency to be set up to represent the President, this new bureaucratic official responsible to no one but the President, not elected by the people whose money he spends, can decide whether he wants to spend these funds on some project that is of a national type and character, or whether he wants to spend it in some small village of 300 or 400 population where some local council has decided they would like to have this or that. There is no restriction, no requirement that any of these projects have to be approved by the Congress. They can be spread all over the landscape.

There is one other thing I would like to say. We have heard a great deal about the omnibus public works authorization bill. We have always had one every year. That is the way we have previously operated, that is the way Congress has functioned, since its very inception.

Now, I do not know why, but I will wager that we have none this year. I do not know the reason, but I am satisfied, being this close to adjournment, together with the fact that the Committee on Public Works of the House has not been able to hold hearings to pass upon the many projects submitted to it, there will be no omnibus public works bill this year. Of course, under the provisions of this bill, in most of the counties, areas and projects in the United States in which many of the Members of Congress are interested can get no benefit whatsoever unless there is a general public works authorization bill enacted into law. It has been said and suggested here, and I believe there is a willingness on the part of some of the sponsors of this measure, that certain amendments be written into the bill to make it more palatable. So I suggest, before you make up your mind that you want to vote for this measure, you read the rather substantial minority report filed with the bill which I think you will find of interest, and perhaps you may even wish to talk with some of the majority members of the committee who signed the majority report and decide in your own mind as to whether or not this bill should be drastically amended, or whether, as so many of us believe, it should be laid up on the shelf, for consideration at some future date a long, long time from now.

Mr. DELANEY. Mr. Speaker, I yield 10 minutes to the gentleman from Virginia [Mr. SMITH].

(Mr. SMITH of Virginia asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I rise in opposition to this rule and to the bill which it makes in order for consideration. I think the bill is unnecessary and that it should not be brought up at this time for the reasons which I hope to be able to outline to you as briefly as I can.

As to what the bill does, it provides for authorization of $900 million. And by the way the other body's similar bill provides for $1.5 billion for emergency public works. We are supposed to be in a great emergency—and the economy of this country is supposed to be tottering on the brink. And that notwithstanding the fact that every indication from financial sources shows that the country's economy is improving and that we are on the uprise. It begins to look as if this Congress before it gets through may talk the country into a depression. Certainly if we have no consideration for financial responsibility, we could well accomplish that result.

This bill sets up a public works coordination and acceleration agency. That is about one-half of the content of the bill. It sets up a new agency to administer this emergency—so-called—program. But the agency is permanent, mind you.

Mr. DELANEY. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. DELANEY. It is my understanding that the committee will offer an amendment striking out that section.

Mr. SMITH of Virginia. I do not know anything about that, but I would imagine with this piece of legislation the committee would be inclined to sweeten it up all they could in order to get it by; and I think that is a very desirable thing to do, but the balance of the bill relates to so-called public works. By "public works" is meant a general authorization for any type of public works. I say "type," not specific projects as we do when Congress legislates, such as municipal facilities that have been authorized, depressed areas and so forth.

This whole bill is tied to depressed areas and areas that have had unusually high unemployment for a period of 9 months. There are two areas there. Congress will not have anything to do with where this money goes. This really should be called an amendment to the depressed areas bill which we passed in the last Congress. All that would have been required had we wanted to give them another $900 million would have been a simple amendment to that bill, because the whole thing is tied to the authorization in the depressed areas bill.

Let us see what we have made available and what is not available for public works. I will not read the figures in detail, but here is what we have. We have a backlog of things that have been authorized or appropriated for this year, and also including the unexpended balances $8 billion—$8 billion. That is about twice what the total budget was when I first came to Congress—already available for public works throughout this country. Then you remember the bill we passed here about a week or 10 days ago, specifically the annual appropriation bill for public works in the amount of $4,613,807,900. I will not go into the details of the unexpended balances.

I want to talk a little about the budgetary situation, because it is very important right now, particularly when you are going to be confronted, as most of you will when you come back here with a proposal to reduce taxes next year. This 87th Congress has made two remarkable records. Record No. 1 is that you will this year exceed in your appropriations $100 billion, a record that has never been attained at any time in the history of this country except in time of war. Your budget is going to run over $100 billion. And you have attained another record, you have managed to increase the indebtedness of this country by raising the debt limit to over $300 billion, another record never attained by any other Congress except in time of war. So with a budget of $100 billion and a debt of over $300 billion we are

proposing this what might be termed boondoggle in miscellaneous types of public works, to the tune of $900 million.

This budget is something that is pretty hard to get along with and understand because it is a big volume. But there is a striking fact that when it was published the latest completed fiscal year was 1961, and it shows on page 35 of the condensed budget that in 1961 we expended $81 billion, and it also shows that the budget request for 1963 is $99,303 million. Add to that, if you will, the increases that Congress has made in some of the appropriation bills, then add the $900 million that is proposed in this bill in the House and $1½ billion proposed in the Senate, and you have a prospective expenditure of over $100 billion in this fiscal year.

Do you know what that means in terms of percentage? Between the 1961 and 1963 budgets you will have increased the expenditures of this Congress from $81 billion to over $100 billion. That means an increase of 25 percent in your expenditures. That is extraordinary. That is another record that has never been accomplished by any other Congress in time of peace.

A lot of people will say, Well, we have such great war expenditures. They say that is due to the Department of Defense. Well, the gentleman from Texas, Mr. MAHON, who is chairman of the Subcommittee on Appropriations handling the Department of Defense Appropriation bill, made a very impressive speech on that subject when he brought that bill up here for consideration. He compared the increases in certain areas between 1956 and the present time.

The SPEAKER pro tempore. The time of the gentleman from Virginia has expired.

Mr. DELANEY. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. SMITH of Virginia. Mr. Speaker, I want to quote what the gentleman from Texas [Mr. MAHON] said. He knows, he has the figures, he obtained them from the proper sources.

During the year 1954 we spent a certain amount for defense and we spent a certain amount for nondefense purposes. During the following years through fiscal year 1961, the last fiscal year to be concluded, defense spending increased by 1 percent. Nondefense spending during this 1954–61 period increased by 65 percent.

If you extend this period through fiscal year 1962, from 1954 through 1962, which will conclude on June 30 of this year, the increase in defense spending over 1954, according to the current budget estimates, is 9 percent and the increase in nondefense spending is 85 percent.

If you project this through fiscal year 1963, which will begin on July 1, 1962, you will find again, according to the budget estimates, that through that period the increase in defense spending will be 12 percent above 1954 and nondefense spending will be 94 percent above nondefense spending in 1954.

In other words, the Government has held, since the Korean war, a rather even level of spending in defense. It has been edging up and down a little, but relatively it has been even, especially prior to about a year ago. But nondefense spending has gone up precipitously so that at the end of the fiscal year 1963 it will be 94 percent, according to the estimates, above 1954.

In other words, domestic expenditures increased by 65 percent or more than double, while defense expenditures increased by only 1 percent.

What is this agency known as the Area Redevelopment?

What sort of public works program is that? I had three or four of their announcements of approved projects that I wanted to tell you about involving projects recently authorized and which will be authorized under this bill.

Now, remember that one of them is related to a project down in some place in Texas where they are going to promote a project for building an inn for tourists, costing $250,000 in order to increase employment in that area. There is one project which provides for making a survey in West Virginia to determine the recreational facilities that could be created by an expenditure of $8 million in public funds.

Permit me to say before my time expires that the old bill for distressed areas provided grants of 30 percent. This bill has a little gimmick in it, it can be found on page 17 of the bill, hidden away down at the bottom of the page, which provides that these grants may be increased to 50 percent of the total. Therefore, the Federal Treasury is going to be saddled with 50 percent of what is to be expended under this new phase of area redevelopment.

Mr. Speaker, I noticed down in my own State that they are going to make a laboratory experiment and have granted some $20,000 to $30,000 to a college to go down on the Eastern Shore of Virginia and take two counties and determine what is the matter with their economy. I think we would all be amazed—I know we would—if we knew just what these projects are and how the taxpayers' money is being expended.

Mr. Speaker, then we have the question of what are we going to do about reducing taxes. Now, if we vote this $900 million, or $1.5 billion in the Senate bill, for this type of indefinite, uncertain, irrelevant, immaterial, and probably totally worthless sort of a program, how are we going to reduce taxes next January? We are going to be called upon to do just that. The President has already notified us that we will be called upon for a general overhaul of the tax system, and everyone knows that these taxes need reducing because our economy is suffering as a result of inordinately high taxation upon our people. How are you going to justify it? Just remember this: I know most of you must have read it. The Gallup Poll within the last 2 weeks submitted to the people a question of whether they wanted to vote a tax reduction without a reduction in domestic expenditures—put the question plumb up to the people—and do you know how they voted? Seventy-three percent of the people who were questioned said they did not want any tax reduction unless it was accompanied by a reduction in domestic expenditures, which would seem to indicate that perhaps they have more commonsense in the country than we have here in the city of Washington.

Mrs. ST. GEORGE. Mr. Speaker, I yield the balance of the time to the gentleman from Kansas [Mr. AVERY].

(Mr. AVERY asked and was given permission to revise and extend his remarks.)

Mr. AVERY. Mr. Speaker, I want to be associated with the position just stated by the chairman of the Committees on Rules, the gentleman from Virginia [Mr. SMITH], and the position just previously taken by the ranking minority member on the Rules Committee, the gentleman from Ohio [Mr. BROWN].

Mr. Speaker, this bill came out of the Rules Committee by a vote of eight to six, one member being absent. So I think one could conclude offhand that this is a "packed" proposition and otherwise this measure would have met a very logical and a very quiet rejection in the House Committee on Rules.

First, Mr. Speaker, permit me to say this: I do not think the Republicans are taking the position that the mechanics of the bill or the separate provisions of this bill should be significantly changed. I think the point of disagreement here today is the make-work philosophy that is contained in this bill and whether or not there is justification for considering such a bill under the economic conditions that prevail today. I think this bill should be a little embarassing for my Democratic colleagues. It would seem to me that this is pretty much a testimonial to the failure of the economic philosophy of the New Frontier.

Now, is not that a logical conclusion? The New Frontier has had the policy-making responsibility for 2 years. There were far-reaching and dramatic statements made about getting America moving again during the campaign of 1960. Of course, the country assumed that meant to get it moving forward again. We did not ask for a clarification at that time but it was assumed that that meant to get the country moving forward. After 2 years of experimentation we are back here today playing back, if you please, one of the old records that was first cut back in the depression days of the New Deal. This is just a PWA bill with a new title that gives it the complexion of the New Frontier.

Was the PWA particularly successful? Did it do for the country all the things was claimed for it? Did it restore prosperity to the country? Did it eliminate unemployment? The answer is very simple: No, it did not. Had it done all those things I think there may have been a record established that would be a precedent for reaching back to restore some of these emergency measures in this year of 1962.

Let us just look at the figures for just a minute. Do you know what the rate of unemployment was when Franklin Delano Roosevelt was inaugurated in 1933? I doubt that anybody has thought about that for a long time. It was 22.8 percent of unemployment. Do you know what it was in 1938 after 6 years of New Deal frustration and just before we embarked on our war economy? It was still 19 percent.

What else did we do in that 6 years' time? We doubled the public debt. It

was just about $19 billion when the New Deal arrived on the scene one day in March in 1933 and by 1938 it had just been doubled. It was about $38 billion. And what did we get for it? The impressive figure of reduction of unemployment by a total of 4 percent. It hardly seems to me that that record is impressive enough to justify even serious consideration of this bill here today.

Mr. BENNETT of Michigan. Mr. Speaker, will the gentleman yield?

Mr. AVERY. I yield to the gentleman from Michigan.

Mr. BENNETT of Michigan. In my district in Michigan we have in some areas as many as 25 percent of our working force unemployed.

Mr. AVERY. Today?

Mr. BENNETT of Michigan. As of now. That is as many as were unemployed during the great depression of the thirties.

Mr. AVERY. That is right.

Mr. BENNETT of Michigan. Most of that is due to the free trade policies that Congress has enacted and which have been on the books for the last 15 or 20 years. They put our domestic iron mining industry out of business. That is, their policies did. They put the lumber manufacturing people out of business. They had seriously injured the chemical industry in my district; the charcoal industry, the plywood industry.

Can the gentleman tell me what we are supposed to do in that kind of situation? We are out of business because of laws that Congress passed that permit imports from other countries to come in and ruin us.

Mr. Speaker, I know the gentleman is fair about this. I would like to know if he has an answer to it. I do not know what the answer is unless it is a program such as this. I am not sure that this program is going to help my district. I have no way of knowing. But I do know this. This Congress, just a few weeks ago, passed a bill which admittedly is going to put more industries out of business, and which admittedly is going to put many thousands or maybe even millions of workmen out of their jobs.

What is the answer to that? We are going to do all of these things in the name of our foreign policy and put our own people out of business. Then do you not believe that whether you call it relief or boondoggling or WPA the communities that have been hurt, these businesses that have been closed down, and the people that are out of jobs, should be given consideration?

Mr. AVERY. Of course I do, but I do not think I should be held responsible for the foreign policy or the economic policy or the trade policy of this administration. I would prefer the gentleman to direct that inquiry to those who will speak for the administration when we get into general debate.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. AVERY. It is with deep regret I must decline to yield to my good friend from Illinois. I know he would not intend to trespass upon my speech.

Mr. YATES. Of course not.

Mr. AVERY. I might say to the gentleman from Michigan, if he will bear with me, that this will not benefit Michigan, either.

I want to go rapidly to two points. The first one was touched upon by the gentleman from Virginia. That was this. I feel that we are considering this bill this afternoon just as we considered the farm bill a month or two ago. At first, the leadership could not bring the farm bill to the floor because they did not have the votes to pass it. Obviously the farmers did not want it and obviously there was reluctance on the part of Congress to pass it in view of this opposition. When they did get it to the floor, eight or nine amendments were offered by the committee designed to get the bill passed. The Members recall what happened to that bill when a compromise to the bill was proposed on the floor of the House in order to get enough votes to pass it. It went down to defeat.

Here we are today. I have not been officially advised there would be such an amendment, but I did read in the Wall Street Journal this morning that there would be an amendment that would eliminate the coordinator, and then there would further be an amendment that would definitely preclude utilization of funds in this bill for Federal aid to school construction. We were assured in the Rules Committee that there is language in this bill that would prevent it from becoming a vehicle for Federal aid to education, but it did not specifically prohibit it. Again, my only source of information on that is the Wall Street Journal, but it stated without reservation that there would be an amendment so that funds in this bill could not be used to circumvent the will of the House for Federal aid to education.

Mr. DELANEY. If there were anything in here for school construction, if that were the case, I would be opposed to it.

Mr. AVERY. I think the gentleman would agree he can find nothing in the bill that would preclude the use of these funds for school construction.

Mr. DELANEY. There is nothing in the bill that I can find in any way about school construction. It is specifically to the contrary.

Mr. BLATNIK. Mr. Speaker, would the gentleman yield?

Mr. AVERY. I yield to the gentleman from Minnesota, who is the author and certainly the foremost authority on the bill as it came to the Rules Committee.

Mr. BLATNIK. After the attack on the bill——

Mr. AVERY. The gentleman is not rejecting his authorship of it?

Mr. BLATNIK. Not at all; but getting on this aid to education, it never was the attempt to aid education here. It stated it specifically and precisely in the committee report. Because of the legislation from another committee, which we know is due to a legal technicality, there is no question about it. But to satisfy the gentleman from Kansas we shall spell it out in plain language and put it in the bill that it is not to be used for aid to schools.

Mr. AVERY. I thank the gentleman for his clarification of the proposed amendment but I would not want his remarks to be construed as meaning that with the inclusion of that amendment the gentleman from Kansas now addressing the House will vote for the bill, because the gentleman from Kansas has a few other reservations as well.

But I must hasten, because I know my time is just about gone. I want to use the remainder of my time to relate an incident to you. This incident relates purely to politics, but I think it spells out a lesson. I would ask the gentleman from Michigan [Mr. BENNETT] to hear me on this particular incident, because I think it answers his question. The administrator for the public works program for Kansas from the year 1934 to 1938 was a personal friend of mine, a very close friend of mine—obviously a Democrat. He told me this story. As the campaign for the Presidency moved into high gear in 1936 it became apparent to every practical political observer that Franklin Delano Roosevelt was going to be reelected for his second term. It became so very obvious, I assume, to the National Democratic Chairman that it got to be kind of a challenge as to just how far this could go. He first thought of the State of Kansas, because the Republican nominee that year, of course, was the then Governor of Kansas, Alf M. Landon. So this became a special mission or a special objective, if you please, of the National Democratic Chairman to carry Kansas for Franklin Delano Roosevelt in that historic election. He called my friend in Kansas and said "Just what can we do from Washington or from the National Democratic Committee to help us carry Kansas for President Roosevelt?" My friend said "That is going to be kind of tough. Alf Landon has made a good Governor, he is a pretty popular fellow out here, and I do not see how we can do this, but give me 10 days and I will report back." He called back in 10 days to the National Democratic Chairman and said "I can just find one way that offers a possibility for carrying Kansas for Roosevelt. We have two public works projects that we have been trying to get approved out here since 1934. We have been turned down time after time after time. In my opinion, if we can get a clearance on those two projects right away and get these men to work not later than October 1, we can carry Kansas for Roosevelt." Almost overnight those two projects were approved. The men did go to work even before October 1, and Roosevelt did carry Kansas over Kansas' own native son.

I sort of anticipated the symbol of please in way of applause from my Democratic colleagues. In fact, if you had not responded thusly, you would have spoiled the rest of my speech.

There has been frequent reference made to the possible political intervention, persuasion, and coercion by such a program as contained in the bill. Now, the position of the coordinator is to be stricken from the bill.

The SPEAKER. The time of the gentleman from Kansas has expired.

Mr. DELANEY. Mr. Speaker, the gentleman from Kansas is doing so well, I will be glad to yield him 2 additional minutes.

The SPEAKER. The gentleman from Kansas is recognized.

Mr. AVERY. Mr. Speaker, I will have to ask my good friends on the left side of the aisle not to interrupt any more, as my time is limited.

As I was saying, the position of the coordinator is to be eliminated from the bill. The authority is to be given directly to the President so he can determine which one of the four or five existing Federal agencies that administer the Federal aid programs should designate the areas and the projects that could be eligible recipients under this bill. You are in the majority now. I suppose you want to play games with this. But some day it might be on the other foot. Some day we might be looking the other way, and if I can read signs across the country, that might be sooner than you think. If you want to set a precedent for political boondoggling, go ahead and pass the bill. If you want to consider it on its merits on the questions of economic justification and budget capability, the bill should be defeated here this afternoon.

Mr. DELANEY. Mr. Speaker, I now yield 3 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLMER. Mr. Speaker, on August 23 I introduced House Joint Resolution 859 authorizing the President to issue a proclamation declaring Sir Winston Churchill to be an honorary citizen of the United States of America. Today I have introduced a slightly revised copy of that resolution.

The resolution is as follows:

H.J. RES. 859

Joint resolution authorizing the President of the United States to issue a proclamation declaring Sir Winston Churchill to be an honorary citizen of the United States of America

Whereas Sir Winston Churchill has occupied a prominent world position of leadership, both in his native land and in the struggle of the free world against nazism, fascism, and communism; and

Whereas this great leader also has earned for himself a position of prominence among the literary giants of the English-speaking world as a writer, a historian, and an orator; and

Whereas, being the son of an American mother and an English father, Sir Winston Churchill, more than any other, truly epitomizes the union between the two great English-speaking peoples; and

Whereas it is fitting that the Congress of the United States, on behalf of the grateful American people, expresses its high appreciation of the outstanding contribution this great statesman has made to the cause of freedom; and

Whereas it is also appropriate that this honor be bestowed as a means of furthering our Nation's hopes of an Atlantic union as proposed by the President on the Fourth of July 1962: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is hereby authorized and directed to issue a proclamation declaring Sir Winston Churchill to be an honorary citizen of the United States of America.

SEC. 2. The Clerk of the House is instructed to transmit a copy of this joint resolution to Sir Winston Churchill.

Mr. Speaker, one or more similar resolutions have been introduced in the Senate. I can think of no more appropriate manner in which the United States could express its appreciation of this great world figure than by the passage of this resolution, with the resultant proclamation of the President implementing it. I feel very strongly that Mr. Churchill shares that thought. Many of us here remember that momentous day when he addressed a joint session of the Congress. He prefaced his speech with the statement that he was at least half an American citizen because his mother was American born. He took great pride in this fact.

Mr. Speaker, I shall not attempt to gild the lily. Nothing that I can say would add luster to the career of this great man. I can only say that in my thinking, he was unquestionably the greatest actor to appear on the stage of the tragedy of World War II. Who can gainsay that had it not been for this great soldier, and statesman, the British Empire would not have fallen prey to Hitler; and the war would have been lost because of the destruction of this base for the movement of American soldiers and munitions of warfare.

Mr. Speaker, the highlight of the life of this humble Member of Congress was the privilege of being the dinner guest of Sir Winston Churchill in 1945, while I had the honor of serving as chairman of the Special Committee on Postwar Economic Policy and Planning. For 3 hours I was the beneficiary of his wisdom and entertainment, and I hope, Mr. Speaker, that I may be pardoned for again pointing out here that this great man was most emphatic in this declaration of a firm policy in dealing with the Russians.

Mr. Speaker, I hope that this resolution will speedily pass both bodies and that this historian, warrior, statesman, and the greatest world leader of his time, may be accorded the status of an honorary citizen of the United States of America.

Mr. DELANEY. Mr. Speaker, I yield the balance of my time to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Speaker, my good friend from Kansas, I am sure, will forgive me for being a little political, but I do want to make two points. First, he referred to the packing of the Rules Committee and said that while there was nothing in this bill from the point of view of its structure that should keep it from coming before the House, but that it never would have come before the House if we had not packed the Rules Committee. I hope he does not really mean that, because I am sure the members of the Rules Committee would not like it. This is a fundamental matter and very basic. Certainly the Rules Committee would not want to deny the Members of this House the opportunity to debate this kind of measure. But more important than that, he went on to talk about the New Deal, and that happens to be something I know a little bit about. You see, the facts are that he did did not tell you that when the New Deal came into power we had had 12 years of Republican administration. It took a few years to get the ball rolling, to get the country started again. We did it by looking after people with bills like the PWA and the WPA, which saw to it that human beings were taken care of. That is why the Democratic Party kept getting elected year after year after that.

And also, this new administration has come in after 8 years of a Republican administration, and it may take us a couple of years to get the country started again. But let me say the differences between the Republican and the Democratic Parties are being shown right here, for one of the ways to get the country started is to get people back to work, give them the opportunity and the dignity of a job, so that they may have pride in their country as they had pride in the New Deal then.

So I will have to say, while I do not want to be political about this, and I will defend the bill as being sound in every way, I believe in 1936 the State of Kansas did vote Democratic. Perhaps the gentleman might find if he is strong enough in his line of attack on this bill, we might get a few Democrats from Kansas in 1962.

Mr. AVERY. Mr. Speaker, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from Kansas.

Mr. AVERY. I thank the gentleman from California for yielding.

First, I would like to ask a question. He said after 12 years of Republican excellent supervision of the country——

Mr. ROOSEVELT. No; I did not say that.

Mr. AVERY. I guess it is only implied from 12 years of Republican administrations. He said it did take a little while to get the country rolling again. When did it get rolling again before World War II? The gentleman heard my figures that unemployment was the same, even lower in 1938 than in 1936. When did the country get rolling?

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from Illinois.

Mr. YATES. Will not the gentleman point out to the gentleman from Kansas that when the Republicans took office in 1952 the unemployment rate was 2.9, and when the Republicans left office in 1960 the unemployment rate was 5.6.

Mr. ROOSEVELT. The gentleman has pointed it out very well.

Now, I am going to answer the gentleman's question. If he will look back into history, he will find the unemployment rate went steadily down. He will try to tell me, of course, it had not gone down far enough in the 6 or 8 years he was talking about. Well, came the time when

our country was tested as never before, when we had to go to work to defend ourselves against nazism, against totalitarianism, threatening the peace and the survival of the world. Then, only because we had put into effect, with the Democratic administration of those days, the kinds of things that took care of people on the farms the gentleman knows well about, the kinds of things that built public works that needed to be built in our country; and, more important than that, the things that made people believe in their country. So the country was going again by the time World War II came about. We won that war, and would not have won it except for the measures that the New Deal put into effect at that time.

Mr. Speaker, I think this debate this afternoon is stimulating to both sides of the aisle, and I think it carries a message to every citizen taxpayer in the United States.

First, let me address myself to the comment made by my very good friend, the gentleman from Illinois [Mr. YATES]. Of course, the record shows that the rate of unemployment in 1952 was approximately 3 percent. This unemployment prevailed despite the fact that American boys were engaged in a war in Korea that we apparently could not win. In other words, during a quasi-wartime economy in the Truman administration, unemployment was still 3 percent. This wartime economy followed immediately a period of an expanding economy that had been restricted for 5 long years because of a concentrated war effort to win World War II. I think it is an appropriate question to ask the American people: Can we tolerate a 5½-percent unemployment ratio in time of peace, or is any segment of our economy really better off under a wartime emergency with an only slightly lower unemployment ratio?

And there is still another point, Mr. Speaker, that I think the House should consider this afternoon. My friend, the gentleman from California [Mr. ROOSEVELT] said that this bill reflects the differences between the Republican and Democratic Parties, "for one of the ways to get the country started is to get people back to work, give them the opportunity and the dignity of a job, so that they may have pride in their country as they had pride in the New Deal then."

I think this is a most important statement, and I want to agree with it entirely and point out a further distinction. This bill does demonstrate the fundamental difference between the two great parties. The Republican Party believes the best way to get people back to work is to restore the confidence of the business community in order that the free enterprise system may develop to the fullest extent, thereby providing job opportunities for those who are seeking work. The Democratic Party appears to be obsessed with the philosophy that the most expedient way to provide jobs is to further impose restrictions upon the free enterprise system, impose a burdensome tax, and have employment provided by the Federal Government. For the worker, for the taxpayer, and for every citizen, the choice is simple—whether or not his employment will stem from a freedom of choice under the free enterprise system, or whether it should be a job that is artificially designed by the Government for a purpose that is not always productive.

Therefore, Mr. Speaker, I heartily concur that this bill, more dramatically than any other we have had in this session of Congress, demonstrates the difference in the economic philosophy in the two parties.

Mr. DELANEY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

PERMISSION TO FILE REPORTS

Mr. DELANEY. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PUBLIC WORKS COORDINATION AND ACCELERATION ACT

Mr. BLATNIK. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10113), to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 10113, with Mr. KEOGH in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Minnesota [Mr. BLATNIK] will be recognized for 2 hours, and the gentleman from New Jersey [Mr. AUCHINCLOSS] will be recognized for 2 hours.

The Chair recognizes the gentleman from Minnesota [Mr. BLATNIK].

Mr. BLATNIK. Mr. Chairman, I yield myself such time as I may consume.

(Mr. BLATNIK asked and was given permission to revise and extend his remarks.)

Mr. BLATNIK. Mr. Chairman, the bill before us today, H.R. 10113, is a very clear bill, simple in structure, but important in function. It is also a very easily understood bill. What the bill proposes is essentially this: It authorizes $900 million to do exactly what its title calls for—to accelerate public works projects and programs already authorized by the Congress.

Mr. Chairman, I would like to say just a word or two on the economics of the proposal and why it is necessary to accelerate public works in certain areas.

We are today considering probably the most important piece of legislation to the unemployed men and women of this Nation, debated so far in the 87th Congress. This measure will give every Member of the Congress an opportunity to demonstrate his willingness to take constructive measures to help the unemployed, particularly those in the distressed urban and rural areas throughout the land; areas of our country which for a number of years have been experiencing acute economic distress as a result of technological change, depletion of resources and other factors—over 1,000 pockets of distressed areas bypassed by the general economic recovery following the severe recessions of 1958 and 1960 to 1961. The public works acceleration bill is desperately needed to help relieve some of their economic problems—now.

Why do we need to spend this $900 million at this time for public works in our distressed areas? First of all, this move is in accord with the dictates of the Unemployment Act of 1946 which states that it is the continuing responsibility of the Federal Government to use all practicable means, consistent with other essential considerations of national policy, to promote maximum employment, production and purchasing power; also, it is the declared intent of the Congress, as stated in the Area Redevelopment Act, Public Law 87–27, that it is in the best interests of this Nation to help overcome the problem of persistent unemployment and underemployment that some of our communities have ben experiencing for it causes severe hardship to many individuals and their families and is detrimental to the national welfare, and also wastes vital human resources. More importantly, the Area Redevelopment Act states that new employment opportunities should be created by taking measures to redevelop these areas in their own right rather than by merely transferring jobs from one area of the United States to another. I am sure the Members of the Congress will agree that providing work which brings about a long-term benefit to the community through the construction of much needed community facilities is one of the best ways to achieve this objective. In this way communities in these urban and rural distressed areas would become more attractive, through the improved public facilities, to prospective industries wishing to locate there, as well as providing employment immediately and directly to the unemployed, many of whom have been without creative work for several years.

The necessity for this legislation is as great now as was the need for the Area Redevelopment Act when passed and before. The Area Redevelopment Act is a long-term program of redevelopment, designed to find permanent solutions to economic ills. Money was appropriated for this program less than a year ago, and it is only now beginning to gather momentum. The process of permanent redevelopment, of course, takes time; heavy unemployment remains while this fight against stagnation goes on. Unemployment has been above the 5-percent level continually for the past 5 years and there is nothing in recent sta-

tistics of business reports that indicates a rapid return to employment. In fact, the present economic slack threatens to pull the entire economy into another recession unless something is done to spur consumer purchasing power and to stimulate business.

The extent of the unemployment problems in the distressed areas of this Nation can be clearly demonstrated by the following data: These areas have a population of 34.3 million people and a labor force of 13.1 million—of whom more than 1.3 million are unemployed. When rural underemployment is translated into unemployment, this adds 200,000 more to the jobless figure. In other words, these areas have 19 percent of the labor force—but they have more than one-third of the unemployment in the country.

The average unemployment in these redevelopment areas is in excess of 10 percent—twice the national average. In some of these areas—including communities in my district—the joblessness runs as high as 25 to 35 percent of the work force.

The public works acceleration bill is desperately needed to relieve some of the unemployment in these redevelopment areas and in the areas of substantial labor surplus. We as a moral people, both out of compassion and in the interest of our economic vitality, must take constructive measures to combat the stagnation and unemployment in the areas as defined in H.R. 10113. It is clear that the wisest means and most constructive means toward these ends is to construct essentially needed public facilities which help the long-term development of these communities by enhancing their attractiveness at the same time jobs are provided immediately and directly to those unemployed who have suffered for so long. Unlike unemployment compensation and welfare payments, public works are an investment and not a cost. They enhance the capital value of our communities and Nation and provide beneficial services for many years to come.

H.R. 10113, the public works acceleration bill, is designed to make a direct attack on high unemployment and at the same time help to provide a wide range of necessary Federal and local public works.

The Committee on Public Works held 10 days of public hearings in late March and early April and took testimony from 40 witnesses and received statements for the record from a number of others. The committee met in executive session on May 16 and voted to report the amended bill which we are considering today.

The bill as reported would authorize the appropriation of $900 million to accelerate and undertake Federal, State and local public works in redevelopment areas as designated under the Area Redevelopment Act and areas which have had an unemployment rate of at least 6 percent for 9 of the 12 most consecutive months. The fact sheets which you all have before you indicate which areas would qualify for assistance and provide a brief summary of the principal provisions of the bill.

Let me emphasize at this point that all the funds authorized under the bill are for appropriations, and that there is definitely no back-door financing. It was also the judgment of your committee that proposal for standby authority requires more discussion; the bill which we are considering today, therefore, has no standby provisions in it either. The intent to label this measure as a standby program is clearly to distort the truth. The measure is a straight authorization for appropriations to be used immediately for acceleration of existing Federal or Federal-aid programs, and nothing else.

The bill as reported will authorize the appropriation of $900 million to accelerate and initiate construction of Federal, State and local government public works. In order for a Federal project to be eligible, it would have to be one which had been authorized by the Congress in other legislation. Eligible State and local projects would be limited to those for which Federal assistance has already been authorized under other laws. This would include programs such as the Hill-Burton program, the water pollution control program, and the Federal Aviation Agency airport grant-in-aid program. In addition, this bill amends the Community Facilities Act, section 202 of the housing amendments of 1955, to provide for up to 50 percent grants with a cost of construction of projects now eligible for loan assistance under that program. Schools, however, are excluded.

Examples of Federal direct projects which could be accelerated or initiated under this program, having already received authorization from the Congress are those under the jurisdiction of the Corps of Engineers, Forest Service, Soil Conservation Service, or any other Federal agencies authorized to undertake public works projects. There are a great number of useful things that can be accelerated or initiated by the Federal Government, in areas covered by this act.

For example, the Corps of Engineers could accelerate projects which meet the criteria laid down by the bill under a specific authorization provided by the House Committee on Public Works or under the small rivers and harbors authorization which allows construction of projects costing under $400,000 without specific authorization by the House Committee on Public Works. There is a great deal of useful work that could be done by the Forest Service of the Department of Agriculture which would enhance the capital value of our national forests and provide more facilities for our mushrooming tourist population. Visitors are far in excess of what current accommodations are capable of caring for.

The Forest Service has a great deal of reforestation and other work which has to be done which will help provide for the future timber needs of this country. Work of this nature is not only essential to assure that we have adequate supplies of lumber resources, but is also very useful in combating unemployment because of the high ratio of man-hours of work that are provided per every unit of dollar expenditure. In addition to reforestation work, the Forest Service has many forest roads and trails which are in need of repair or which should be constructed, campsites which have to be built or renovated, tree nurseries, as well as other work designed to make our national forests more attractive to our citizens and more productive. Much of the same kind of work could be undertaken by the Park Service of the Department of the Interior. These are just some examples of the kinds of useful public works which could be accelerated or initiated by Federal agencies in the areas eligible under this bill—providing useful, long-term capital improvements and useful employment to the men and women in our distressed areas.

Eligible State and local projects would be limited to those for which Federal assistance has already been authorized under other laws. For example, water and sewer systems, public buildings and hospitals, streets, sidewalks, and other community facilities could be aided by Federal grants covering up to 50 percent of the cost. Schools, again let me emphasize, however, would not be eligible. There is a tremendous backlog of community facilities such as those I have just mentioned throughout the land and particularly in our distressed areas where construction of essential public facilities has not kept the pace with needs because of awaiting public revenue. Since this Nation through the Area Redevelopment Act has committed itself to redevelopment of these distressed areas in their own right, I am sure all will agree the most prudent means for providing work for the unemployed in these areas is through the construction of badly needed public facilities which will make these stagnating communities more attractive, and thereby assist in their long-range development.

The bill contains a number of important restrictions on eligible projects. Luxury projects would be ruled out by the requirement that the facility to be aided must, in terms of the committee bill, "meet an essential public need." To assure a prompt impact on employment, an eligible project must be one which can be started quickly and on which most of the work can be done within 1 year. Finally, to assure that the grants will produce a net increase in employment, the aid could be given only to projects which would not otherwise be started at present.

One of the special advantages of public works expenditures is the fact that they can be directed to areas of greatest need. While the benefits would be felt throughout the economy, through the purchase of construction materials and the additional incomes and economic stimulus, the committee felt that the direct aid should be channeled to those communities with the most severe unemployment problems. To be eligible under the committee bill the project would have to be located in one of the 149 industrial labor market areas eligible under the Area Redevelopment Act or one of the 767 rural redevelopment areas, or 50 Indian reservations eligible under

that act, or one of the 122 communities which have suffered substantial unemployment for most of the past year. A complete list of these eligible areas is included in the committee report.

To assure that rural areas receive their fair share of the assistance under the bill, one-third of the $900 million authorized for appropriation would be reserved for small towns and rural areas.

A second and entirely separate provision of the bill would establish an office of Public Works Coordination and Acceleration. The basic purpose of this office would be to provide to the Congress and the President information concerning public works backlogs, current construction, and planning for future needs. It would serve as an advisory and informational function and would not direct or administer programs, nor would it have jurisdiction over the program operations of any department or agency. This provision is aimed at the long-run need for more orderly and efficient planning to meet our public works needs. Because of some confusion over this provision, the committee has agreed to drop it, and take it up at a later time.

That completes my summary of the bill which is explained in greater detail in the committee report before you. Let me say that the need for this bill is greater now than it was when the committee held its hearings. I again emphasize that there is no standby provision in the bill; all the funds are for appropriation now to meet the immediate problem of economic slack and high unemployment.

No one claims that this bill will solve the entire problem of unemployment. However, the $900 million would directly create an estimated 150,000 jobs at the construction site and in the factories and mills which produce construction materials, and at least an equal number in other parts of the economy through the multipiler effects of the additional income created as it is spent and respent. This will make an important contribution to employment, while at the same time adding to the Nation's wealth by the construction of needed public works.

In this connection, it is important to keep in mind that the failure to take direct action on unemployment involves a heavy cost. The heaviest cost of all, of course, is borne by the unemployed and their families, but the country as a whole bears the cost of lost production, running into billions of dollars, and all of us bear the higher costs of necessary public expenditures. This year Federal payments for unemployment compensation will total $4 billion and over the past 4 years unemployment compensation has cost over $14 billion. This is a direct measure of the waste which idle manpower involves and a cost which must be met in cash. Obviously, it would be far better to enact a program which could provide useful jobs and useful end products.

Another measure of the cost of unemployment is the impact on the Federal budget. Those of us who are concerned about Federal deficits should unite behind this bill as an effective means of combating Federal red ink. The only reason the Federal Government is operating at a deficit today is because of economic slack. We are all familiar with the fact that the greatest peacetime deficit in our history—$12 billion—came as a result of the 1958 recession. In its analysis, the highly respected Committee on Economic Development estimated that $9 billion of that total was due to reduced Federal receipts as a result of the recession. The rest came from increased unemployment payments and other expenditures which were stepped up to stimulate business activity.

We are directing this acceleration at what are sometimes called the hard core unemployment pockets, those areas where unemployment has been a persistent and chronic problem for quite some time, in spite of the general overall growth and development of the national economy.

Our case is this: That the unemployed in these hard-core pockets have to subsist somehow and are subsisting. But they are now either receiving unemployment compensation or State, county, or local welfare support, or relief. We merely propose to use some of this money which governmental agencies, employers, and our economy as a whole are spending for relief and apply it in order to give men and women in need of jobs—bona fide jobs, to thoroughly and fully justified projects, so that when the money is expended we will have a facility that not only brightens up a given area or community, but offers a service or function to that particular community, as well as enhancing that community's chances for long-term development improving its ability to attract small industries or new businesses. Some Members have tried to say that there are those of us who are trying to point out that the economy is faltering. This is not true. The economy is improving and growing as the facts that have been brought forth indicate. We added $50 billion to our gross national products in the last 18 or 19 months of this present administration. But it is an undeniable fact that there are still over 4 million people, men and women, without work, and over 1 million of these—25 percent of them—have not had employment, or have been unemployed for a period longer than 15 weeks, and many of these for a period of months.

There was a statement made here, I am sure it was not deliberate, in connection with the acute human distress and demoralization of the early thirties when this great country was economically prostrate. I know that my good friend from Kansas—knowing him as I do with the respect and warm personal feeling I have for him—did not mean to treat that situation as lightly as he did. I want to point out to him that there exists today a similar situation in many areas of this great and glorious country of ours. I can take you to my district, for years the largest iron ore producer in the world, which can be reached in 6 hours of flying time, an area that literally has reverted to conditions experienced a quarter of a century ago because the unemployment rate there is as distressful and as acute as that experienced back in 1936 and 1938.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield to the gentleman.

Mr. BENNETT of Michigan. I would like to give my vote in support of this bill. On the other hand, I would like to have some assurance from the distinguished gentleman, who is the author of the bill, concerning the charges that have been made that this would be a political boondoggle and just those areas served by Democratic Members of Congress would be assisted. I happen to represent an area similar to that represented by the gentleman, where the iron ore business is prostrate because of our free trade policies. We are out of business. Twenty-five percent of our people are out of work. Can the gentleman give me any assurance that if this bill passes my district will receive some assistance under it, and in what respect?

Mr. BLATNIK. The gentleman's district will receive assistance—and important assistance. But before I get into that, if the gentleman will permit me, I should like to complete what I have to say on the need and then I shall answer his question whether or not this is a political boondoggle and tell him how it will be of aid to him and his district.

Let us not think for a minute that the need does not exist. Four million is a conservative figure of those who had jobs and are now without employment, in some cases running into months and in other cases into years. The youngsters who have never had any employment are a good example of where a great deal of understatement exists. Eight hundred thousand of them are not able to find jobs. The situation is so hopeless and so futile that most are not even listed as seeking a job. In many of our distressed areas, several hundreds of them, unemployment averages 10 percent, or twice the national average. Unemployment, in my hard-core unemployment pocket runs from a low of 17 percent up to 34 percent; would you believe it? I was present at a meeting 2 weeks ago attended by 900 iron ore miners—300 had been unemployed for over 18 months: practically all of them married men, with 3 or 4 or 5 children, and most of them veterans of the last war, all trying desperately to maintain family and home. Most had exhausted their unemployment compensation and many were on relief. I have not seen as much despair because of this economic futility since I was working back in the thirties. This is a country that is able to help and that should help needy people throughout the world. We authorized $4.5 billion in foreign aid a month or two ago. We are also meeting the challenge by Russia in space technology. But, on the domestic scene we might be overlooking a dictum of cardinal importance—that there is nothing more demoralizing than the situation when a human being with a family around him comes to the conclusion that this so-

ciety neither wants him nor needs him and cannot use the talents he has to offer.

We want to put some of these unemployed people to work. Instead of using the money to pay for unemployment relief, we would like to build something in which a community can take pride, which provides fine public facilities and public services and that for years to come will add to the welfare of the country.

To answer the question, Can this be a political boondoggle? No. 1, this bill creates no new agency. It creates no new program. This bill merely authorizes money to be given above that which we have already authorized and appropriated to existing programs. The general categories of programs are two: Those that are completely Federal, such as the Corps of Engineers, the Forest Service, Reclamation, and so forth; and those which involve Federal aid to municipalities either in terms of loans or grants for municipal facilities and many other projects.

Where would this money be applied to provide the shot in the arm needed? Precisely in those pockets of unemployment that need it most. The criteria are also clearly spelled out. The money must go through the pipelines and channels of existing programs already authorized by Congress—the responsibility has already been spelled out by an act of Congress, and the criteria are spelled out by the act of Congress. We merely accelerate these programs in the distressed areas.

Why do we do that? No. 1, a community that is well off has a good chance to borrow money and build a public facility. A community that is fairly well off will even take advantage of a 30-percent grant to build a sewage disposal plant. But there are communities needing a disposal plant, eligible for the project, and having 30 percent of the money, but unable to accept it because they cannot raise the 70 percent, since unemployment is too high, and results in a loss of revenue to pay for it. That is why we have increased the grant limitation under this program to 50 percent.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield.

Mr. BENNETT of Michigan. Will there be in the areas the gentleman just mentioned those where municipalities are so distressed that the city commissioners or the board of supervisors of the county are in such financial straits that they cannot raise any matching funds to go ahead with the public works projects? What happens to an area like that? I have some of those areas in my district, and I think the gentleman has some in his, and I am sure there are other areas where municipalities cannot match the Federal funds. They cannot match anything. What does this bill do in that kind of situation?

Mr. BLATNIK. I agree that some communities will have some difficulty in raising their 50 percent, but most will not. I would like to have made it more liberal, but we are right up against the wall. This is a rockbottom minimum grant offer with a clear-cut program under which the criteria for eligibility are clearly spelled out.

Mr. BENNETT of Michigan. The gentlemen said that those projects had been approved. For example, Federal projects had been authorized. Take the U.S. Forest Service, for example. They have a 10-year program for building roads and trails and for tree planting and whatnot. Now, a State or municipality would not be obliged to match money to be spent on that kind of thing.

Mr. BLATNIK. Of course not. That is a Federal program. All this money is a Federal program. A municipality under no present program matches Federal funds for forest roads, reforestation, and trails. Such projects could be accelerated under the provision in the bill providing for acceleration of direct Federal program.

Mr. BENNETT of Michigan. The matching that you are talking about is for a local courthouse or a local public building?

Mr. BLATNIK. It is for everything except schools. For example, hospitals, libraries, a village hall, or a city hall, or a police station could be built. It is also for such work as replacing broken-up sidewalks and streets and for replacement of obsolete water systems and sewer systems and the extension of these systems.

Mr. BENNETT of Michigan. The gentleman can assure us, if this legislation is passed, that these areas such as mine and areas around the country will be assisted under this program to the full extent?

Mr. BLATNIK. They definitely will be, and I say this publicly for the public record. Of course, they have to meet the criteria that are given and clearly spelled out.

One, the areas must be eligible for Area Redevelopment Act assistance—urban or rural. Those areas have been established by an act of Congress. Also eligible are labor surplus areas, which have had 6 percent unemployed for at least 9 out of the past 12 months. This designation has its origin in an act of Congress and is determined under law by the Department of Labor. The administrator, under this bill, cannot flaunt the regulations of existing programs; for example, the Hill-Burton program or the area redevelopment program, or those of other programs.

Besides, these projects must do these four things which are clearly spelled out in the bill.

First, it is not enough just to approve the project in an area where there is unemployment, but that project must be susceptible to initiation or acceleration within a reasonably short period of time so that it can give an economic boost now, when it is needed.

Second, it must meet an essential public need.

Third, a substantial portion of it should be completed in 12 months. That means at least half or more than half so that we do not get into a long-term, large project which might take years and years to complete, perhaps long after the need for this program has passed.

Fourth, it must contribute significantly to the reduction of local unemployment.

The gentleman from Virginia—and, of course, I have great respect for the gentleman—mentioned something about area redevelopment and inns and motels. I am puzzled, because the gentleman knows, since he is far more experienced and learned in matters of legislation, that this is a public-works bill. How can money be loaned or given under a public-works bill for the building of a motel or an inn? I do not know why this completely irrelevant and extraneous example was used on the floor of the House by a very responsible member of one of the most important committees. It is clearly spelled out that these are public works in areas where unemployment is high and where there is an essential need and so forth.

Mr. BENNETT of Michigan. The gentleman mentioned the area redevelopment program.

Mr. BLATNIK. This has nothing to do with the area redevelopment program except that it operates in the same area where there is a need for the construction of public facilities not directly tied to the construction of a plant.

Mr. BENNETT of Michigan. I would like to ask the gentleman this question. The fact is that the Area Redevelopment has been tremendously slow getting these projects underway. I just want to ask the gentleman, if this program is approved, whether we are going to have to go through all of the administrative procedures as they did under the Area Redevelopment Act and the Labor Department and the Department of Health, Education, and Welfare.

Mr. BLATNIK. The key thing in this bill is that it provides millions for employment to put men to work on bona fide projects that provide a useful service and facilities that are badly needed.

This, of course, raises the question: Can we afford it? It brings into question the fiscal responsibility of the Government and our deficit.

If you will look at the committee report, page 21, at the bottom of the page is a list of the unemployment compensation funds spent in the last 10 years, 1952 to 1962, a 10-year period. During the recession of 1957 to 1958, when the Eisenhower administration was in power, the 1958 figure was $4,200 million. In 1959 it was $2,800 million. In 1960 it was $3 billion-plus, and in 1961 it was $4,300 million, or a total of $14,500 million for unemployment compensation alone in 4 years. You must, of course, add onto that the many additional nonproductive expenditures involved, authorized and appropriated liberal funds for care and relief of dependent children and other like programs; then you must add on the State relief, municipal relief, county relief. One of the six counties in my district spent $12 million for relief alone last year; $1 million a month. Had a program such as envisioned in this bill been in effect there would have been $12 million available to match the Federal grant for public works, and the result would have been the employment of 1,500 to 2,000 men for all of last year.

Better than that, we would have had something to show for it—an area made more attractive for people to live in, and more attractive for industry to come to.

In 1957 and 1958 we on our side and you on your side passed an area redevelopment bill, but twice in the 5-year period such bills were vetoed, yet in the 1957–58 fiscal year we ended up with a $12 billion deficit, the largest peacetime deficit in the history of our country.

The money under this program will provide employment and facilities. It will be spent locally. In addition, when a dollar is spent for relief few lasting benefits accrue to the community, but when it is spent on public works and facilities, when something is built, it means additional employment to make concrete, cinder blocks, glass, steel rods, brick, and the money keeps on providing employment in collateral industries. The consumer buys from the businessman, the businessman from the wholesaler, and the wholesaler from the manufacturers. Some of this money may move up to Milwaukee or some other manufacturing city. The benefits will be widespread.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield.

Mr. GROSS. Is there any provision that this vast quantity of material must be manufactured in this country and not imported? Is there anything in the bill to keep the money from being spent for imported iron or steel?

Mr. BLATNIK. Not any more limitations or restrictions than Congress has in the general law.

Mr. SCRANTON. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield.

Mr. SCRANTON. Is it true that in this bill there can be no funds used for any project which does not have a 50-percent contribution by the State or on a local basis?

Mr. BLATNIK. Will you please restate that?

Mr. SCRANTON. Is it true that in this bill there is no provision for funds or for projects unless 50 percent of the funds come from State or local sources?

Mr. BLATNIK. Yes, that is true. The amount of the Federal grant cannot exceed 50 percent. That does not mean it has to be 50 percent, though in most cases it will be. But at least 50 percent will have to be raised from local sources by State aid or in any other manner, except for Federal projects which are 100 percent. Under many programs the grant portion already exceeds 50 percent, and there the community would have less to match.

Very few of the municipalities that really need help cannot take advantage of this because of the 50-percent limitation. That is why the Senate had a 90 percent limitation. The unemployed need help. A little analogy is in order to demonstrate why this bill should be passed even though every single community cannot take advantage of the assistance. If only 8 out of 10 men can be rescued from a fire, is the fact that all cannot be helped grounds for incinerating all 10? Of course not; we can help a great number of communities, and must move ahead to do so, even though a few cannot be helped.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. I would like to commend the gentleman from making one of the most reasonable and persuasive arguments that I have ever heard, and I would like to add one further bit of information in response to the question addressed by the gentleman from Pennsylvania [Mr. SCRANTON]. I think the chairman in responding to that question responded entirely correctly as to projects that are locally originated, in the case of a sewage control project or a water supply project or something of that type, but I think the bill also carries with it the authority to accelerate certain Federal projects that are congressionally authorized, projects for flood control purposes, for reforestation, and other projects of that type in which you would not have any set formula as to what the local participation would be.

Mr. BLATNIK. That is correct.

Mr. SCRANTON. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield to the gentleman from Pennsylvania.

Mr. SCRANTON. May I say that my understanding is the same as that of the gentleman from Oklahoma. But I would like to find out if there is any limitation in this bill as to the amount of money for Federal projects that would be more than 50 percent paid for by the Federal Government? Are there any limitations?

Mr. EDMONDSON. I am unaware that is set out in the bill. I think it would be limited by the fact that your applications for participation and assistance on the local level are probably going to be voluminous and there probably will be very little that will be available for the strictly Federal-type project.

Mr. SCRANTON. If the gentleman will yield further, this is the very point about which the gentleman from Michigan [Mr. BENNETT] and I and other Congressmen who represent these areas of substantial unemployment are concerned. We are very well aware that most of these areas are unable to afford 50 percent or even less of the necessary funds. What we want to know is what, therefore, is available almost immediately in the way of projects that would help those areas, if they cannot come up with 50 percent or more in the way of local funds.

Mr. EDMONDSON. If the gentleman from Minnesota [Mr. BLATNIK] will yield further——

Mr. BLATNIK. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. The gentleman is well aware, I am sure, that the communities receiving assistance under the Area Redevelopment Act are able to obtain not only grants, but also where they have financing problems are able to obtain loans for the balances that are needed to finance these projects. So the amount of Federal assistance would include the lending power which is presently in the Housing and Home Finance Agency, supplementing the grant authority which has been conferred upon the Government under this particular piece of legislation.

Mr. SCRANTON. If the gentleman will yield further, this I think is the very point which the gentleman from Michigan [Mr. BENNETT], was trying to make. So far in the establishment of the Area Redevelopment Administration there have been relatively few of such loans and grants made for such areas as the ones to which I refer. These loans and grants are not speedily obtained.

Mr. BLATNIK. Yes; the gentleman is correct. I think I overlooked stating something to the gentleman from Michigan [Mr. BENNETT] during our colloquy. In the area redevelopment program there is a provision for some grants and loans for community facilities. But the restrictions are so tight that a community would only be eligible for this grant or loan, or a combination of both, for a community facility if it can prove it is needed to service a private industrial development—they almost have to have a contract saying if they get money to expand, for instance, a water supply system, they will get an industry there which will employ a certain number of people. It has to be tied to an industry, which we do not do in this case. Therefore, that is why it is a slow process.

Mr. SCRANTON. Will the gentleman yield further?

Mr. BLATNIK. I yield to the gentleman from Pennsylvania.

Mr. SCRANTON. Again I repeat my question: Is there any way of ascertaining from the bill what proportion of it might be used for such Federal projects as the gentleman from Oklahoma [Mr. EDMONDSON] refers to? There is no provision identified in the bill which delineates this at all. Perhaps the gentleman is correct in stating that there would be such an overwhelming demand on a 50–50 basis that there would be very few, if any, purely Federal-type projects coming forth. This makes it all the more difficult for the areas that really need these projects. They have not the money for their share, 50 percent or more.

Mr. BLATNIK. All agencies operating would report what type of projects they could undertake in the case of areas where unemployment is severe—areas of substantial labor surplus and the Area Revelopment areas. As the gentleman knows, some of the larger communities, especially, have better engineering assistance and better engineered programs underway which might tend to use up available money before any rural or smaller communities can get underway. That is why we reserve one-third of the funds for rural areas, so they will not be consumed by larger municipalities which have applied faster, due to better engineering services and better programing services. But it still reserves that amount to be given to these people who do not have the facilities of the larger communities, such as those to which I have earlier referred.

Mr. SCRANTON. If the gentleman will yield further, is the gentleman's

opinion similar to that of the gentleman from Oklahoma [Mr. EDMONDSON], that the gentleman believes an overwhelming percentage of this $900 million will be used by local projects on the 50–50 or something more basis and not for the type of Federal projects to which reference has been made?

Mr. BLATNIK. It will be primarily community facilities.

Mr. SCRANTON. This makes it very difficult for the areas that need it most because they do not have this money.

Mr. BLATNIK. Mr. Chairman, experience under the water pollution control program indicates that, if needed, some means for raising the money can be found. Getting back to fiscal responsibility, we are going to spend the money. The only decision we will make here today or tomorrow is whether or not a portion of these moneys will be used to put the unemployed to work—to build something or to construct something. If we want to keep on with the unemployment compensation and relief programs, we can do that too, and continue to have these millions of people sitting at home, when they could be doing constructive work. We could put about 1 million people, at least, to work. This bill, Mr. Chairman, is a forthright bill. There is no back-door spending involved. The criteria are clearly spelled out by us. It needs an appropriation, and a year from now these agencies will all be appearing before the Committee on Appropriations of the House of Representatives and other committees. They will be held accountable. When they are making their budget requests or requests for further programing, they can be asked, "What did you do with the money?" We will then have a full report and a record of performance on this program, good or bad. I think it is going to be good. Where it can be enlarged, it can be so if in our wisdom the circumstances and the economic needs are such that it can be, or it can be streamlined or cut down. But the Congress has complete control of this program.

Mr. Chairman, I say this is a clean bill. It is a conscientious bill; it is a needed and important bill. The communities of the Congress will have control of this program. There will be no boondoggling or slush funds under this bill. If there is, we will surely know about it, and a lot of us on this side as well as the Members on the other side of the aisle will certainly make a big fuss about it. I have every confidence that this bill is going to work.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. Like my colleague from Oklahoma, I want to congratulate the gentleman from Minnesota, the author of this bill and an individual who clearly understands the importance of public works and their value for a program such as is contemplated in H.R. 10113. I do not know of any bill that has been reported out of the Public Works Committee since I have been a member that has been as carefully or as skillfully drawn as this bill. I know the situation is as the gentleman from Minnesota has stated, that it will protect the integrity of the Congress and will place every safeguard in it to see that there is wise and prudent use made in the expenditure of these funds for necessary public works in depressed areas, that will mean so much to the future economy of this country; and also provide the greatly wanted public facilities that have been going begging for these many years since the commencement of hostilities in World War II. I think it is a wholesome proposal and one that we can all join in and support to get this country's unemployed working again. Again, I congratulate the gentleman.

Mr. BLATNIK. Mr. Chairman, I thank my dear friend and able colleague, one of the most respected and best informed men in the whole field of public works. As chairman of the Subcommittee on Public Buildings he knows the problem as it relates to the entire country. I appreciate those comments, coming from one whose judgment I so highly esteem and whom I have always held in the highest regard.

Mr. MACGREGOR. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield to the gentleman.

Mr. MACGREGOR. Mr. Chairman, the gentleman from Minnesota has referred to one of the counties in his district, St. Louis County. Other Members of this body, even though they do not come from the State of Minnesota may be somewhat familiar with the situation in that county and with the serious unemployment problem which the gentleman has mentioned in St. Louis County and other counties in northeastern Minnesota.

In that connection and as an example, perhaps for other parts of the country, I wonder if the gentleman could give us some examples of projects which he feels St. Louis County and other parts of Minnesota's Eighth Congressional District might participate in if this bill should become law. Specifically I should like to ask concerning certain of the communities on the Iron Range in Minnesota, northwest of Duluth. Will the gentleman give us some idea specifically of projects which the chairman believes would be in operation, let us say, next year, if this bill should become law?

Mr. BLATNIK. I could run them off from memory, town by town and project by project. I shall give the gentleman a few illustrations. Let us take my home town of Chisholm, which has a population of about 8,000. It needs an entirely new water system, a new source of water. They have been desperately working with some State funds in an effort to try to locate wells, and they have completed that survey. They also need a large extension of their sewer system. In my hometown unemployment averages about 22 to 24 percent.

In Hibbing, Minn., unemployment is about 20 percent plus, or 4 times the national average. Hibbing desperately needs to expand its sewage treatment plant which is quite old. They need to improve their water system, and they need virtually a whole new system of gaslines for their municipally owned gas system. They are trying to attract new industry and in order to induce new industry to come there, they have to replace that system.

Another municipality has no jail. The jail was condemned by the State health authorities. I shall not name the town. It is a fine little town, on Minnesota's Iron Range; it could take advantage of this program.

A recent survey by the Iron Range Resources and Rehabilitation Commission showed that 35 communities had projects which could be undertaken. Some communities did not have funds available; but a good number did, and with assistance in financing their portion, a good number more could participate.

Mr. MACGREGOR. How would the municipalities in order to get the 50-percent matching funds for the projects raise that money?

Mr. BLATNIK. In the case of the sewage and water works they could raise it by bonds. They are consulting specialists in that field now. They are also discussing how they can borrow to get community facilities. They can borrow or sell securities for about 20 or 30 percent of their share, leaving 20 to 25 percent. They can raise that amount of money and take advantage of this 50-percent grant.

Mr. MACGREGOR. Would the gentleman agree, as the gentleman from Pennsylvania pointed out, that the very severely depressed areas that have difficulty in raising funds are going to have continuing difficulty if this becomes law in raising the money?

Mr. BLATNIK. This 50 percent is a very arbitrary limitation. But it will assist a great number in need of help. If they qualify in every respect except they cannot raise the other 50 percent, there are a number of ways in which they might be able to raise the money. Again, experience under existing programs indicates that when necessary, most communities can find the means to match the grants—grants are a great stimulus to public works construction.

Mr. MACGREGOR. I thank the gentleman for pointing out that areas that are in need will not benefit under this.

Mr. BLATNIK. The gentleman knows I did not say that; those are his remarks. Many of Minnesota's communities will benefit even though this is a modest bill.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield to the gentleman from Virginia.

Mr. JENNINGS. Why was the 50-percent limitation placed in the bill in this body? Why was it not brought to this body similar to the one in the other body?

Mr. BLATNIK. I point out to the gentleman from Virginia that we were attempting to arrive at a reasonable compromise with our colleagues across the aisle.

Mr. JENNINGS. What the gentleman is saying is that the people who are worried about the 50 percent are the ones responsible for having this bill?

Mr. BLATNIK. Yes. I will be glad to support an amendment raising it.

Mr. JENNINGS. Is there anything under the rule to prevent the gentlemen who are opposed to the 50 percent from offering an amendment to strike that section out and accept the provision placed in the bill by the other body?

Mr. BLATNIK. No.

Mr. JENNINGS. They can put in something that these so-called bleeding hearts passed?

Mr. BLATNIK. The point is very well taken. The philosophy of some of those over there is something like saying you give them help but you would give them nothing.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. Is there any language in the bill that would limit the amount of money that goes to an individual State?

Mr. BLATNIK. Yes, 10 percent.

Mr. VAN ZANDT. Would it be possible to finance the Lake Erie and Ohio Canal with this money?

Mr. BLATNIK. I cannot answer that offhand. What is the amount of the project?

Mr. VAN ZANDT. The amount of the project I do not think has yet been established. There has been a lot of talk about it.

Mr. BLATNIK. If it is a navigation project it would come under the Corps of Engineers. Under existing authority we now have, people can move into a project and get it underway, if it is under $400,000, without specific authorization by the Congress.

Mr. VAN ZANDT. Do I understand the gentleman then to say that it is possible to finance the Lake Erie and Ohio Canal, which is a navigational project, out of the $900 million provided in this bill?

Mr. BLATNIK. It might be possible.

Mr. VAN ZANDT. If the expenditure was under $400,000.

Mr. BLATNIK. That is right.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield.

Mr. JONES of Alabama. I call the gentleman's attention to the language on page 16 commencing at line 3 and going through line 7, which establishes the time of construction of these small projects that heretofore have been authorized as flood control, river and harbor, or watershed projects? Under the terms of this bill, with reference to these large projects that could not be completed within a short period of time, it is expected that the 12-month limitation would be respected.

Mr. VAN ZANDT. In the event that later the Ohio Canal was authorized by a bill yet to be approved by this House, then, with that authorization, it would be possible to finance the project without having to come back to the Congress and go through the Committee on Appropriations?

Mr. JONES of Alabama. No. You would have to have it authorized by the Congress, and then it would be eligible, but it would have to go through the appropriation process that you have at the present time.

Mr. VAN ZANDT. I thank the gentleman.

Mr. BLATNIK. Mr. Chairman, let me make this point clear. With reference to the Coordinator of Public Works, I, the original author and sponsor for years of that Office, agreed personally to drop the Coordinator of Public Works. I did not do it because I did not believe in the program. In the first place, the Coordinator provision does not do anything more than President Eisenhower did for 8 years when by administrative action he created his own public works advisory group. He had this for 8 years. The present administration is going to do the same and have a Coordinator of Public Works to gather information. Some have referred to it as a new agency. It is not a new agency. Some have talked about some super czar and so on, and because of this confusion it was dropped for the time being to give Members an opportunity to think it over and study it and become better informed. We hope that in some future session—I hope next year—we can make a more effective explanation of what this program will do. This is why we dropped it at this time. We did not drop it to gimmick up any bill, as someone remarked about a farm bill. It is the only amendment and we make a clear explanation of why we want to drop it. There are no apologies for it. A second amendment is not necessary. Some still do not believe the legal language—which is complicated sometimes—but the report explains that this aid does not go to schools. There are those who have some doubts about it, but there is no question in my mind and there is no question in the mind of any member of the committee. It is spelled out clearly in the report, and there is one sentence put in that none of this aid shall go to schools. That was to satisfy those few objectors on that score.

Mr. AUCHINCLOSS. Mr. Chairman, I yield myself 15 minutes.

(Mr. AUCHINCLOSS asked and was given permission to revise and extend his remarks.)

Mr. AUCHINCLOSS. Mr. Chairman, it is with a good deal of deference and a certain amount of temerity that I follow the able gentleman from Minnesota who has just spoken. He has this bill at his fingertips. He ought to have it. He wrote it. He is responsible for it. He explained various items in the bill today, which I had not heard before.

Mr. Chairman, I know my colleagues share my concern over the unemployment that exists throughout the Nation and all of us would like to find a real workable solution to the problem. Of course if the business leaders of our great country had confidence in the future there would be no concern about the unemployment problem and we would not be discussing this clumsy and thoroughly political attempt to provide work for the idle. While doubt and uncertainty exist, however, those who employ men and women are naturally cautious and unemployment is bound to exist. This bill, H.R. 10113, however, is not the answer to the problem, because it will not result in the creation of jobs for any substantial number of persons now unemployed who need and want to work. Indeed, the ineffectual remedy it provides may be far worse for the country than the ailment it aims to cure.

There are seven main objectionable features of this bill, which are discussed in detail in the minority views in the committee report signed by 13 members of the Committee on Public Works. I will discuss only one of the objectionable provisions of H.R. 10113, and my colleagues will discuss the other bad features of the bill.

Sections 3 through 8 of the bill establish a new Federal agency, to be named "The Office of Public Works Coordination and Acceleration" and authorizes and directs the performance of its specified function by a Director of that agency. It provides that the Director and Deputy Director are to be appointed by the President, with the advice and consent of the Senate. The Director will receive $20,000 per annum, which is the same salary as an assistant Cabinet officer, and the Deputy Director will receive $18,500. The Director is authorized to make such rules and regulations as he wishes, to establish advisory committees as he may deem necessary, and to appoint unestimated numbers of other officials and employees for this new agency. Herewith will be established a new Federal bureaucracy which could easily be greater than any Government bureaucracy now in existence.

The Director is directed to encourage the coordination of planning policies for construction of all public works, and for this purpose he is required to review information collected from each department, instrumentality and agency of the Federal Government and of State and local governments as well to determine—

First. What public works projects have been or are in the process of being planned for construction.

Second. What public works projects are required to meet national, regional and economic development.

Third. What the present policies are of the various departments, agencies and instrumentalities of the Federal Government, as well as State and local governments, with respect to planning public works; and

Fourth. To what extent the policies of each such department, agency, and instrumentality of the Federal Government and the State and local governments should be coordinated with an overall policy with respect to public works planning and construction and methods for such coordination.

Fifth. He shall submit a report from to time to the President and Congress.

May I emphasize the fact that this authority of the Director applies to the planning and construction of all Federal and federally assisted public works programs and projects, both civil and military, and is not in any way restricted to the acceleration of a public works program to relieve unemployment.

It can readily be conceived that the Director, armed with the authority con-

tained in this bill, could take over the policymaking now exercised by existing Federal agencies and could either directly or indirectly control the development of all Federal and Federal-aid public works programs and the selection and scheduling of specific projects for planning and construction.

Conflict and confusion will reign supreme when the policies of all Federal, State, and local agencies that now administer public works are forced to fit into an "overall" policy mold. And, if the Director is successful in imposing his will upon the policies, plans, and decisions of other Federal agencies and State and local governments, which appears inevitable, he will become an all-powerful political pork-barrel czar. He will be able to control all public works projects in which any Federal moneys are involved, from the construction of huge multipurpose dams and reservoirs throughout the Nation to the erection of a single lamppost in a city street. It seems incredible, but that is what this bill provides. Should this bill become law, the role of the Congress in initiating and providing funds for public works will be reduced to little more than a rubberstamping approval of such projects and programs that the Director may submit, because he can effectively insulate the Congress from the views and recommendations of the Government agencies which now actually administer public works.

There is widespread opposition to the creation of this new Federal agency. The administration is strongly opposed to it as is evidenced by opinions submitted to the committee by a number of representatives of the Federal Government.

I quote some of them as follows. First, the Department of the Interior:

> Thus, we feel that there would be a partial duplication of the functions to be performed by the Administrator, Coordinator, or Director with those already being performed by the various governmental agencies, including the Department of the Interior. It is difficult to determine from this bill how those functions will be coordinated with those of other agencies having similar responsibilities for public works construction.

Again I quote from the report of the General Services Administration:

> We believe that the establishment of an Office of Public Works Coordination and Acceleration as contemplated by H.R. 10113 is neither necessary nor desirable in connection with the planning, coordination, and administration of a public works acceleration program. It is felt that such planning, coordination, and administration can best be handled through those existing agencies which now have program authority and which presently are engaged in public works or other programs on behalf of the President.

Once more I quote from the report of the Department of Health, Education, and Welfare:

> We are in full accord with the general objectives of this bill. We do not believe, however, that the attainment of these goals requires the establishment of a new Government agency. The planning and coordination that is necessary to assure the initiation or acceleration of the most useful projects, when the economic situation requires such action, can best be done by the agencies which currently have program authority, with central leadership furnished through the agencies that now coordinate public works and other programs on behalf of the President.

And again from the testimony of Mr. Alan L. Dean, Deputy Administrator for Administration, Federal Aviation Agency, who said:

> Our major objection to H.R. 10113 is that it would create an additional Government agency. I don't by such a statement, mean to imply that creation of additional Government agencies is necessarily in itself bad. However, we believe that additional Government agencies should be established only upon a finding of clear and sufficient need in this case. * * * We believe that acceleration can best be carried out by those agencies which are presently engaged in coordinating public works and other programs on behalf of the President.

A bill, having the similar purpose to relieve unemployment as this bill, which was passed by the other body, contains no provision for the Office of Public Works Coordination and Acceleration.

The Congress working with existing Government agencies can maintain as they have in the past, an inventory of the status of all public works programs and projects; keep the President and the Congress informed on the unemployment situation; and make recommendations for regular public works programs and for the acceleration of programs to combat recessions. There is absolutely no need to create a new super-Federal agency to duplicate these functions. Furthermore, H.R. 10113 provides no procedures or authority for the implementation of such a plan of so-called coordination when it is finally prepared. Even the $900 million authorized to be appropriated by this bill will be administered and expended with no regard for such a plan.

As the debate on this measure progresses, we fo the minority party will point out in detail, supported by facts and figures, that it is unnecessary legislation; that it will not achieve its objective; that it concentrates excessive power in the President, and that it definitely undermines the authority and responsibilities of the Congress. Furthermore, the creation of a new department in the executive branch is wasteful and extravagant and not in the interests of the economy of our country. The bill should be defeated.

Mr. Chairman, I reserve the balance of my time.

Mr. Chairman, I yield 30 minutes to the gentleman from Florida [Mr. CRAMER].

Mr. CONTE. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Seventy-seven Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 206]

Andersen, Minn.	Blitch	Diggs
Anfuso	Bolling	Donohue
Baring	Bonner	Ellsworth
Barrett	Buckley	Evins
Bass, N.H.	Celler	Fascell
	Curtis, Mass.	Fogarty
Frazier	Kornegay	Pilcher
Garland	McDowell	Powell
Granahan	McMillan	Santangelo
Green, Oreg.	McSween	Saund
Hall	Macdonald	Scherer
Hébert	Mailliard	Seely-Brown
Henderson	Merrow	Shelley
Hoffman, Mich.	Morris	Spence
Inouye	Morrison	Stratton
Kearns	Moulder	Willis
Kilburn	O'Brien, Ill.	

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. KEOGH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H.R. 10113, and finding itself without a quorum, he had directed the roll to be called, when 382 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Florida [Mr. CRAMER] is recognized for 30 minutes.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Vermont.

(Mr. STAFFORD asked and was given permission to revise and extend his remarks.)

Mr. STAFFORD. I intend to vote against the Public Works Acceleration Act because, in my estimation, it is a political boondoggle of the worst type.

It will not help materially the unemployed of our country.

It represents further uncalled for and reckless deficit spending.

It establishes more bureaucracy in the Federal Government and gives unprecedented powers to the executive which belong to the Congress.

Just recently, the President of the United States told the people of this country in a personal address that we were not now in or headed for a recession. I believe him. Yet, such legislation as this can only be defended in the event of a serious upheaval in the economy. And passage of this bill by the Congress can only result in shaking the public confidence to such an extent that more of our workers could be put out of jobs.

The addition of nearly a billion dollars to the already horrendous national debt is unjustified under these circumstances. Such reckless economics is inflationary, and our working people will pay for it through higher prices.

There is presently available to the administration more than $2½ billion which could be used to create more jobs. Yet, it ignores these funds and asks for a political slush fund, which wasn't included in the budget presented to this Congress.

The establishment of further bureaucratic positions to administer these funds and the abdication by Congress of its responsibility to approve specific appropriations for specific projects is unwarranted and dangerous.

Our workers in Vermont, and other Northern States, should be aware that this bill is a further political sop to States which for years have been trying to steal industries and jobs away from our area. Under the provisions of the

House bill, the results cannot help but benefit these States to the greatest degree.

It is interesting to note, for instance, that in the committee report on this bill, the majority party lists 1,064 areas in the United States which would be eligible for assistance under the act and not one Vermont area was listed.

Even should a Vermont area be eligible, however, the chances of receiving any assistance of real value are so slim and the fundamental arguments against this legislation are so preponderant, I could still not support it.

It will not help our workers. Another billion dollars of red ink should not be spilled on our taxpayers. And I am opposed to abdicating the responsibilities which the people of Vermont sent me to Washington to carry out.

Mr. CLANCY. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Ohio.

(Mr. CLANCY asked and was given permission to revise and extend his remarks.)

Mr. CLANCY. Mr. Chairman, I rise in opposition to H.R. 10113, an unnecessary, injudicious bill which, in my opinion, would be totally ineffective in attaining the ends allegedly sought.

First, and most important, the appropriation of $900 million is unnecessary because there are billions of unexpended dollars available to the administration under previous congressional authorization that can be effectively expended in unemployment areas. Why should the President ask Congress for additional funds to accelerate construction of public works when the administration has failed to use the vast sums available to it which could afford some direct and substantial relief for unemployment? The proponents of this bill have not adequately answered this vital question.

Second. The bill is injudicious because it gives the President blanket authorization to select the programs and projects to be constructed and to determine what amount of money is to be appropriated for each project. I cannot support legislation which would delegate powers to the President which are constitutionally and traditionally a function of the legislative branch. This bill would enable the President to completely bypass the standard appropriation process. How can we in good conscience abdicate our responsibilities and further erode the traditional system of checks and balances so indispensable to insuring separation of the powers of government? The concentration of power in the executive branch has already reached frightening proportions. It is imperative that we not make a grave situation hopeless by voting for this bill.

Third. Because of the required time lag before actual construction can begin on public works programs this bill will not provide the jobs so many of our citizens desperately need now. Further, great numbers of our unemployed are unskilled workers who will not benefit from any job opportunities that may be created by such projects. This bill would not significantly, if at all, alleviate the serious unemployment problem facing this country. Moreover, I believe that expansion of employment opportunities should come from the private sector of the economy. And certainly a program which would result in further deficit financing by the Government will not stimulate and encourage growth by private enterprise. It is clear that H.R. 10113 would further increase deficit financing for no portion of the $900 million authorized to be appropriated is contained in the budget.

Another undesirable feature of this bill, one which cannot be overstressed, is the unnecessary creation of a Federal agency which would in large part duplicate functions that can best be handled by existing agencies. In addition, under the provisions of this measure the Director of the new Office of Public Works Coordination and Acceleration could exert almost unfettered control over public works policies, including the power to influence local decisions. It would be dangerous indeed to concentrate so much power in the hands of one man.

There is absolutely no justification for passing H.R. 10113. It has no merit whatsoever. The measure is obviously politically conceived and would serve no end but to enhance the status of the party in power. The unemployed would still be jobless, but the bill's objective will have been achieved. Some voters will be blinded by this illusory method of combating unemployment.

I strongly urge that this bill be defeated.

Mr. CRAMER. Mr. Chairman, I doubt if I will use the 30 minutes allotted, unless there are questions of which I may be capable of answering. But there are some points that I think are important at this time and this stage of debate which ought to be discussed in opposition to this bill.

Mr. Chairman, I have had the privilege of serving on the Public Works Committee now for 8 years, and in my opinion this is the worst bill that has ever been voted out of our committee. It gives to the President of the United States or the executive branch of the Government—and I would oppose it be it either President Kennedy or President Eisenhower—it gives to the President and the executive branch of the Government greater power, in a more unlimited fashion, beyond any precedent, than any bill that I can remember for some time. I say it is without precedent. Some people will argue "What do you mean it is without precedent, because when President Eisenhower was in the Presidency in 1958 the Republicans and the Congress gave to the President a requested $400 million for highway acceleration programs, and some other specific antirecession programs were enacted." But this is the difference, and this is an important difference because this involves the constitutional powers and prerogatives of the Congress of the United States. I happen to believe in the Constitution of the United States of America. I happen to believe that I was elected to this legislative body to perform a legislative function. I do not believe I was elected to delegate those functions and powers to the President or anyone elese. That is exactly what is being done in this bill in unprecedented fashion. The President is being given a $900 million blank check—that is, the executive branch of the Government—a $900 million blank check to spend on any type of local public works projects deemed necessary by the local community, which means anything including ski slides, swimming pools, golf courses, all of which, as a matter of fact, have been testified to by some of the leading public officials in this Nation, including the Governor of the great State of Michigan, the mayor of the great city of Chicago, suggesting that these were projects which they wanted to spend this money and they needed it and they had to have it. The Governor of the State of Michigan said he had to have $689 million of the total in order to take care of public works, local and State projects, needed in the State of Michigan. You know how much would be available in the State of Michigan out of this total program if it got the total 10 percent maximum to which it would be entitled under the bill? Some $60 million. Do you know how many unemployed people could be employed a year in Michigan at the rate of $30 million annually, this being about a 2-year program, as far as putting it into effect is concerned? About 12,000 people. A drop in the bucket.

Did you hear that figure? That is in the evidence—12,000 people. I suggest to the gentleman from Michigan [Mr. BENNETT], because he asked the question, and rightly so, "Is this going to help unemployment in my locality where there is a serious problem?" And the answer in my opinion is, "No." You cannot do it with $900 million, $300 million of which goes to paragraph 5(b) rural redevelopment program areas in the first place, leaving $600 million, which would mean a maximum of $60 million for the entire State, to be spent over a 2-year period. And I repeat that means 12,000 employees a year. And, according to the testimony of Mr. Meany, it means the entire bill, if it takes 2 years to spend the money, which is estimated it will take, that 125,000 employees will result from this bill per year. That is 0.03 percent of the present 4 million unemployment figure. It is sheer demagoguery and inconscionably misleads the many unemployed to suggest this bill will cure their problems.

Do you know what it would cost to bring this unemployment down to 4 percent, or to reduce it by 1 million employees? If this is the answer—that is, public works pump-priming, WPA projects, leaf-raking projects—do you know how much money it would take to employ 1 million people under this forumla? At least $4 billion. This is not the answer to the problem. There is a much more acceptable, a much more proper answer, and it does not involve an improper delegation by Congress of power to anyone. I think the best example of it has already been mentioned, the $1,994,000,000 that was released just recently by the Bureau of Public Roads for highway accelleration under a presently authorized and

financed program and made available to the States for obligation this year.

For instance, to the State of Pennsylvania, if I correctly remember the figures, it meant about $146 million more to be obligated right now. And it is in a program that has been proven a good program. It is not a leaf-raking type, swimming-pool, ski-slide type program that I am convinced, if the taxpayers of this country fully realized that we were sitting here today deliberating whether we were going to put 50 percent of their money into this type project would rise up in righteous protest against.

Some people say, What are you talking about? Are you trying to mislead us? This is the testimony before the committee. Here is what the Area Redevelopment Agency is doing with regard to these types of projects as reported by the Department of Commerce itself as of Monday, July 30, 1962. You do not have to take my word for it; here it is. The gentleman from Minnesota admitted that this is the area in which the money is to be spent.

Here is the case of Ironwood, Mich.: Gogebic Range Ski Club, to build a ski resort, a $250,000 loan, $150,000 grant.

Pendleton County, W. Va.: To operate a tourist and recreation center, $1,477,000 grant, for a State-operated tourist and recreation center.

Here is another one: University of Colorado, to study tourist areas across the Nation; statistical profiles on urban industrial areas.

Park City, Utah; $2,500 to study proposed ski facility.

We are not talking through our hats. This is all a matter of evidence before our committee. As a matter of fact, Mr. Stoddard, representing the Interior Department, said this was what he was going to spend this money for, if this money, $900 million, were made available to him.

Here is the description. This is his testimony as it appears on page 159 of the hearings:

> The Department of the Interior administers 181 million acres of Federal land on which livestock are grazed under permit. Large acreages need improvements that will conserve soil and moisture and increase forage production. Such improvements involve: 32 million acres needing brush control; 12 million acres needing to be seeded; 16 million acres needing weed-control treatments; over half a million water development and water control structures should be constructed; more than a thousand miles of fencing is needed.

That is right. That sounds like a return to WPA to me.

I mentioned what Governor Swainson suggested. He spoke about school construction.

On page 108 the Community Facilities Administration lists present loans for advance planning. Here is a list of the projects. In the State of Alabama, in the advance planning money, $57,000, for school construction planning estimated cost, $1.3 million. The definition in the bill is that any "federally financed" program can now be eligible.

I understand amendments are going to be offered to strike out schools. So far as I am concerned, that is just an admission about how ill advised and poorly drafted this bill was.

This leads to how this bill before us came into being. The administration wanted a $2 billion standby authority. The minute our hearings started they wanted $600 million more immediately. The hearings were held, and lo and behold, after they were over with, and we were not consulted on the makeup of the bill on our side of the aisle, a bill was presented to the committee, rubber-stamped by the majority, brought up on one morning and passed the same morning, and in that bill was not $600 million for public works programs but, lo and behold, it was $900 million. We on the minority asked what was the justification for $300 million additional, and it is obvious, when you read the report, with this list of communities involved as rural redevelopment, the reason it was included was that it covered practically the waterfront, whether there was need or not, in order to get enough people in the rural area, which is not judged on the basis of "unemployment" under the law, it is judged on the basis of "underemployment," on whether the people in one rural area make as much as people make that do not have comparable living conditions or comparable cost of living in some other area. So the $300 million was added without any discussion, without any hearings, without any request from any department of the executive branch of the Government. The $300 million for rural area redevelopment was added for the obvious purpose of including enough areas, even though not unemployment areas, to try to get the bill passed by including enough congressional districts.

The distinguished chairman of our subcommittee, the gentleman from Minnesota [Mr. BLATNIK], said this bill makes 50 percent Federal grants available. He is unhappy about it; it should be more he says. The bill introduced in February 1962 by the gentleman from Minnesota [Mr. BLATNIK] carried exactly the same provision, 50 percent. But I say to the gentleman, and I brought this up in committee and no one was willing to do anything about it—the fact that there is a restriction in this bill now that will keep any community that is hard up for cash from building anything under this program. I challenge the gentleman to refute that statement.

I will repeat—that there is a provision in this bill which would prevent any community that has a financial need—and that is supposed to be the excuse for it, that they cannot raise enough money and therefore they have to have this grant money—there is a provision in this bill which will prevent any community that has a need and that does not have matching funds for doing the job, and I pointed it out in the committee hearings but to no avail.

Here is the provision. It appears on page 19 in section 10. Now listen to this. This has to do with chronic unemployment areas that they have claimed, those areas where the bond issue money is all gone and where they have claimed the communities cannot borrow or put up their own money to match what this bill provides for or what is presently available.

Here is what the committee wrote in this bill. The philosophy is good, but it is not going to help unemployment areas and underfinanced municipalities and counties and States. Here is what it says. It says:

> No part of any allocation made by the President under this act shall be made available during any fiscal year—

Now listen to this. You have to realize that these local communities—and I am sure you do realize this—in most of the States many of them operate on a biennial basis. They meet once every other year. They cannot juggle their budgets every 6 months. The States have to live by what the legislature does. The municipalities do budget on an annual basis. How are they going to juggle figures as required by this provision?

To read further, it says:

> No part of any allocation made by the President under this act shall be made available during any fiscal year to any State or local government for any public works project—

This is a condition—

> unless the proposed or planned total expenditure (exclusive of Federal funds) of such State or local government during such fiscal year for all its capital improvement projects is—

What?—

> is increased—

Now, the total expenditures of the city have to be increased—

> by an amount approximately equal to the non-Federal funds required to be made available for such public works project.

I listened to the appeal of the distinguished gentleman from Minnesota that this is going to help all these communities that do not have enough funds available. I say that this condition requires that the State or local community match that 50 percent with a 50 percent increased total public works construction amount, not that they were going to spend on this project anyway, but 50 percent in new accelerated previously unprogramed and unfinanced projects. Does the gentleman dispute that?

Mr. BLATNIK. Yes; I certainly do dispute that.

Mr. CRAMER. Then the gentleman does not read the language correctly, because that is what it says.

Mr. BLATNIK. Not only do I read the language correctly but I know this situation because it applies precisely in my own hometown. What it means simply is this. When a municipality has scheduled a public works program at a certain level and to insure additional employment, we ask them to increase their amount to match the Federal funds.

Mr. CRAMER. That is to increase the amount of local expenditures, in other words?

Mr. BLATNIK. Would my colleague let me finish?

Mr. CRAMER. But you said the funds are not available.

Mr. BLATNIK. You challenged me. Will you yield to me to answer?

Mr. CRAMER. I yield to the gentleman further; yes.

Mr. BLATNIK. Let me give an example. What this does—No. 1—it prevents a municipality that has scheduled a certain level of expenditures for public improvements from utilizing Federal funds and from saying "Oh, goody, goody. We will just take this 50 percent grant and make a saving on the other and use it for some other purpose." For example, let us say we have $100,000 in a capital improvements fund; $100,000 is not sufficient to take care of the $600,000 improvement in the water system which we want to undertake. But with the 50 percent Federal grant we can get this 50 percent Federal grant, use our $100,000 which is now lying idle and issue revenue bonds which are not covered by the bonded limitation for the rest and undertake an additional capital improvement work—in short, a new water system—and thus give more employment and work above and beyond that which was scheduled for this current year. So it works perfectly simply, the main purpose being to protect the Federal Government so that Federal funds would not be used as a substitute for municipal funds, and it is not one bit as complicated as you are trying to make it out to be.

Mr. CRAMER. This is an interesting example but there is not any question that the condition is that local bodies have got to put up more money and advance new programs in order to get Federal Government matching funds. Now, if you required an increase in the total municipal or State expenditure by that amount additional, if they do not have the money where is it going to come from? This sounds like Mr. Heller's economic philosophy: It is fine to be a deficit spender on the theory that the country gets more money out of an increased amount of the total gross national product that they claim results from this deficit spending pump priming. It just does not make sense. This proposed increased expenditure on the part of local communities amounts to a requirement that they must increase their total local public works expenditures by the amount of the Federal expenditures—and some unique situations as suggested in this colloquy might exist—but not very often.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield.

Mr. COLLIER. During the course of the hearings was it established that any entity that might participate in this program has a greater indebtedness per capita than the Federal Government presently has?

Mr. CRAMER. Will you repeat that?

Mr. COLLIER. I wondered if during the course of the hearings anyone established the fact that any community or any area that would participate in this program presently has a greater indebtedness per capita than the Federal Government.

Do they have greater indebtedness per capita than the Federal Government?

Mr. CRAMER. Not per capita; no.

Mr. COLLIER. That is the point I am trying to make.

Mr. CRAMER. The indebtedness of the Federal Government per capita is greater. In other words, the Federal Government is supposed to bail out local communities who are not in as bad shape as the Federal Government is in regard to deficit financing.

Let me make sure it is understood what this bill does. I started to point out that this gives the executive branch a blank check. This also cuts across all jurisdictions of all committees. I wish some of the Members who serve on other authorizing and appropriating committees would take heed of this. This is a rewriting of every public works construction authorizing bill presently in existence. It is a rewriting of policy making available 50 percent Federal grants no matter what the present Federal grants are on a percentage basis. It cuts across the jurisdiction of all of these committees. Let me give you some examples here.

There is no question but what it cuts across subject matter under the jurisdiction of the Banking and Currency Committee. Housing and Home Finance Agency: Urban planning assistance loans and grants, urban renewal loans and grants, low-rent public housing loans and grants, housing for the elderly loans, student nurses and interns housing loans. College housing, advances for planning of all kinds of State and local public works which, of course, would be now available for 50 percent grants. Loans for construction of all kinds of State and local public works and facilities.

Grants for construction of general hospitals, mental hospitals, tuberculosis hospitals, chronic disease hospitals, public health centers, diagnostic and treatment centers, rehabilitation facilities, nursing homes, and nurses training facilities.

All of these programs would be available for this public works program by writing in this obligating authority without consulting the other committees and regardless of appropriation committee action—because under the bill a blanket request for $900 million would be made to the Appropriations Committee not on a line item or project by project basis as is required in executive justification today. This bill applies to navigation, flood control, and related purposes projects. This changes the established formulas for Federal participation. This bill gives the President or the executive branch unlimited powers in these projects. There are $3 billion of projects presently on the deferred list for rivers and harbors and flood control; the executive under the bill can take any portion of any or all of them off the deferred list if it wants to regardless of the merits and without coming to Congress. If the executive wants $900 million in grant funds the Appropriations Committee does not have to have any further justification under the terms of the bill other than a lump sum of discretionary funds. All they have to assert is that it is pursuant to the terms of this legislation.

It cuts across the Farmers Home Administration, Department of Agriculture in loans for small watershed projects. The Rural Electrification Administration, Department of Agriculture, loans for rural electrification systems. The Federal Aviation Agency, grants for airport construction, and so forth. We are rewriting all of the authorizing legislation that has come before the Congress, which is unprecedented. In every other instance the Congress has considered through proper committees whatever increased authorizations may be justified for whatever purpose for what programs and under what ground rules. This bill does not do that.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. I was very much interested in the development of the limitation and the communities having to put up additional money, and in the gentleman's colloquy with the chairman of the committee.

I recall when the Committee on Ways and Means went into the financing of a highway program, the argument for the 90–10 formula was that the States could not put up any more than that. It was argued that if we did not have it at 90–10—I did not buy that myself, but that was the argument—the program would not go ahead.

Is that what the gentleman is saying on this 50-percent formula, that in areas that are already having difficulties, and I can see the point, they would not even have the money to increase what they are already doing, is that correct?

Mr. CRAMER. That is correct. That is what the language of the bill says, and I do not think there is any question about that.

It says: "for all its capital improvement projects is increased by an amount approximately equal to the non-Federal funds required to be made available for such public works project."

Mr. CURTIS of Missouri. I think the gentleman is exactly right. All of us on the Committee on Ways and Means that went through this 90–10 formula are aware of that argument. I want to commend the gentleman for bringing that home.

Mr. CRAMER. I want to refer to one or two other points. This is further deficit spending. There is not any question about it. It was not in the budget. This will further "bust" the budget by some $900 million this year. This is a new program for $900 million more of appropriations this year with an anticipated $4 to $5 billion deficit in 1963 already—and $4.3 billion deficit in 1962—and a national debt at $300 billion.

It has been stated by the President it is not necessary to have a tax cut this year because unemployment is not as bad as it was. You cannot have your cake and eat it, too. Unemployment is either bad or it is not.

Of course there are some critical areas of unemployment. But the record shows that in the last 6 months unemployment has decreased from 4.5 million to 4 mil-

lion people, which is a substantial decrease. If we were to try to vote such a reduction by public works pump priming as testified to by Mr. Meany, to the effect that a million dollars will provide 250 jobs, and if we are going to provide the remedy through more money, it would take over $2 billion to decrease unemployment by 500,000. It appears this is not the approach. This figure by Meany also assumes every project you go into is going to result in new employment. But that does not happen. Your contractors often simply work their present employees overtime, and that is exactly what will happen in this program—they will work the employees overtime. This was proven in the Highway Acceleration Act of 1958.

Let us come to another matter, the question of what other programs are available. I recognize that many areas have critical unemployment problems. The answer to me is obvious. The answer is to accelerate some of the $2.5 billion proven programs for which funds have already been appropriated. Let us take the area redevelopment, for instance, a lot of harpoons have been thrown into area redevelopment because it requires a community to do something for itself in order to qualify. What is wrong with that? A community has to plan for a permanent effort to cure unemployment in the area redevelopment program by trying to find new industries and relocations. What is wrong with that? Other approaches such as this bill are strictly temporary things that are not going to do the job at all. That is what is wrong with this bill—a short shot on a limited basis having a minimum effect but advertised as an answer to all unemployment.

They claim this bill is going to do so much for so many communities with 50 percent Federal matching funds. What are the major features under area redevelopment? It says:

> No limit is set on a percentage of aggregate project cost that may be loaned by ARA for public facilities.

That is, if you have a balanced program, if you are looking for a permanent solution to unemployment:

> The funds which can be practically obtained from loans and from other Federal sources, and (2) the amount necessary to insure completion of the project.

So the Federal participation under ARA does not have a 50-percent limit. It is not limited under the present existing law. Under community facilities, a program already in effect, 100-percent loans for 40 years are already available.

There are $2.5 million of proven authorized programs, there is the Veterans' Administration direct loan program, $450 million; community facilities, $447 million; urban renewal, $1.1 billion; Maritime Administration, $64 million; ARA, $66 million, and there has been such a need for that that they have not even spent that money yet. Then there is he Farmers Home Administration, and this does not include the sum of $6 billion, which is already authorized for rivers and harbors and flood control public works projects, already authorized properly on their merit by the Congress.

So, the way to get something done to really aid unemployment is what was done in the highway program with the $2.9 billion recently approved for accelerated obligations which the President and the executive and the Bureau of Public Roads incidentally could easily have said to the States, "Give first priority to communities that have employment problems when you let these new contracts."

Mr. Chairman, how interested is the administration in unemployment? Not even interested enough in providing this $3 billion to suggest that it should be made available, and that is three times the amount of money made available in this bill; that it should be used in unemployed areas. That is the interest which the administration has in unemployment.

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from California.

Mr. TEAGUE of California. Mr. Chairman, I would like to state to the gentlman from Florida [Mr. CRAMER], although I understand, of course, that he had nothing to do with it, that I was shocked in going through this green sheet put out by the Committee on Public Works to find Oxnard, Calif., listed as a city of substantial unemployment and qualifying as an eligible city for relief under this bill.

Mr. Chairman, Oxnard, Calif., is in my district, about 40 miles from where I live. If there is any city in the whole United States that should not be qualified for such relief as an area of substantial unemployment, is in Oxnard, Calif. I see the gentlemen from California [Mr. DOYLE and Mr. ROOSEVELT] sitting across the way. They are very familiar with this area. It is close and nearby. I think they will agree that it is surrounded by three major military bases, has a very booming harbor with two more under construction, industry is moving in rapidly, and it has grown from 30,000 to 50,000 population. Why in the world was it singled out? I do not know. I would appreciate it if someone on the other side would enlighten me.

Mr. CRAMER. I am sure I could not tell the gentleman. I do not know on what basis it is so declared. It is listed under the ARA distressed areas.

Mr. TEAGUE of California. If the gentleman will yield further, it is stated that it is an area of substantial unemployment. I have never heard of that situation from the newspapers or the chamber of commerce or an individual or anyone else.

Mr. CRAMER. Perhaps someone on the majority side can answer that question. They have a list of them.

Mr. TEAGUE of California. If the gentleman will yield further, I might consider offering an amendment to the bill later on to eliminate Oxnard, Calif., from this dishonor—that it is being selected for this special help, because the city does not consider itself to be distressed at all.

Mr. CRAMER. I am glad that someone representing an area that is supposed to be distressed is letting the House know that the local area is not interested in this bill and that such area should not have been on the list in the first place. Again, it shows the mistake of the Public Works Committee in trying to make available grant money across the board in all these programs when the Public Works Committee is not qualified to make such decision in areas outside our jurisdiction such as redevelopment, housing, and other areas, as the gentleman mentioned.

Mr. McCULLOCH. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Ohio.

Mr. McCULLOCH. I wish to compliment the gentleman from Florida [Mr. CRAMER], on his able, persuasive, startling presentation of this proposal. Of course, it is known that the expenditure of 10 times this amount of money in the thirties did not end unemployment. I cannot help but remind the committee that since January 1961 there have been 150,000 new people added to the civilian payroll of this country, with no apparent reduction in decreased unemployment. I just want to say that the hard-working, frugal, budget-balancing-minded people of Ohio are going to be amazed when they hear the facts concerning this proposal, and I am sure that I know what they are going to do when they learn those facts. It will be our intention to present them even in greater detail than presented by the able gentleman from Florida, who not only has done such a great job on this committee but on the House Committee on the Judiciary as well.

Mr. CRAMER. I thank the gentleman very much.

Mr. GRAY. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I shall be glad to yield to the gentleman from Illinois.

Mr. GRAY. With reference to this matter of Oxnard, Calif., I quote the Department of Labor Statistics which shows that it has had 6 percent or more of the employable labor force unemployed 9 months out of the past 12 months. I believe that if the gentleman from California [Mr. TEAGUE] would call some of the 6 percent or more unemployed, the gentleman would find they would like to have some assistance. These figures came from the U.S. Department of Labor.

Mr. CRAMER. If I had to choose between the Labor Department figures and those of the gentleman from California [Mr. TEAGUE] in whose district this town is located, I would take those of the gentleman from California. Anyway, if Oxnard has a serious problem I am sure the gentleman from California [Mr. TEAGUE] would be aware of it. Also it shows that Oxnard is not asking for this Federal handout but Congress is trying to force it on this community. I think it also shows the error of the Public Works Committee in trying to make available 50 percent grant money for all kinds of local public works projects in areas where there is not any real unemployment or any real need; as a matter of fact, where there is no real demand on the part of the local communities for this money. I have not had any local

areas come to me and say, "I think you ought to put 50 percent Federal-grant money into ski slides and swimming pools." Of course, coming from Florida, I would not have requests concerning the former; but swimming pools and golf courses and fire stations, for those things, our local communities do not expect and are not demanding Federal money. We want to make these decisions ourselves. I think there is the rub. Is the local community going to make that decision or is the Federal Government going to make it and tell the local community, "We think this is necessary and we think that is necessary" under the terms of the bill. The local community should make the decision, and if it does, then you are going to be in a position, as the mayor of Chicago suggested he has already decided where the Federal Government is going to be building swimming pools and golf courses, building public parks, with 50 percent Federal matching money. And if the Congress accepts the Senate version of the bill, the taxpayers are going to pay 50 percent grants and 50 percent loans—or 100 percent financing for such necessities.

The gentleman from Minnesota I think let the cat out of the bag when he said that he would even accept an amendment adding more than 50 percent grants, which means that obviously he is going to be overanxious in the conference, if this bill should pass, to accept the Senate version of 50 percent Federal grants and 50 percent Federal loans for such projects.

Mr. JOELSON. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield.

Mr. JOELSON. The gentleman was critical of the Area Redevelopment Administration in the matter of loans for swimming pools and ski clubs, and the like. The purpose of this Administration is to create jobs. The gentleman comes from Florida, and is he not aware of the fact that the recreation and tourist industry creates jobs? This is just not something that is frivolous, but is for the purpose of creating jobs in this very sizable industry.

Mr. CRAMER. But the bill is not related to a program as is ARA for creating long-range jobs through industrial development and provides for such swimming pool and golf course financing when not related to well-rounded community industry attraction. So far as your golf courses are concerned, and your swimming pools, there is not a community in the State of Florida that is asking or expecting 50 percent Federal money for such projects—and I'm sure the taxpayers of Florida do not want Federal money spent for such projects—and such construction planning controlled in Washington.

Mr. JOELSON. We are not talking about 50 percent Federal money; we are talking about the money in the area redevelopment program.

Mr. CRAMER. The gentleman is talking about the V(b) ARA rural underemployed areas, of which there are a number in Florida, and I guarantee you that they are not asking for any 50 percent Federal matching money for swimming pools and golf courses—no such requests have come to my attention.

This bill authorizes the President to convert any kind of a Federal assistance program, under existing law, into a 50-percent Federal grant program.

A careful and objective analysis of this bill can result in only one conclusion and that is that the bill, if enacted into law, will not provide any appreciable increase in employment and that it is highly objectionable because of the needless increase in government spending, requiring deficit financing, and the unprecedented delegation of congressional powers to the President to select and allocate funds for projects and programs, and to establish new Federal grant programs without limitation. Needless to say, once such new Federal grant programs have been commenced under authority of this bill, great pressure will be exerted upon the Congress to continue and enlarge such programs in future years.

This bill simply provides a $900 million political slush fund for the President and is a vehicle for the Federal Government to inject itself further into State and local community life, which will add to the ever increasing cost of the Federal Government in doing what can be accomplished better at the State and local levels.

At the time of hearings on this bill, in March and April of this year, the national unemployment was reported to be 4,543,000 persons. During the past 6 months unemployment has dropped to 4,018,000 for an increase in employment of 525,000 persons, which is more than four times the employment that could result from expenditure of the $900 million authorized by this bill. Furthermore, the President recently announced that he had decided against asking for a reduction in taxes this year because the employment situation had materially improved. Much more can be accomplished, in bringing unemployment down to the acceptable level of 4 percent by creating a favorable atmosphere for expansion of the private sector of the economy than by creating new Government spending programs. What is needed to restore confidence is an immediate stop to new Government spending, accompanied by a thorough revision of the tax structure to encourage capital investment, to promote expansion and modernization, and to offer much needed relief to the ordinary taxpayer. With the cost of living having reached an all-time high in each of the last 5 months, the American people are far more concerned about the economic squeeze they face today than about the New Frontier's social experiments, which invariably involve more Government spending to be paid for by the taxpayers.

We all share a grave concern over the seriousness of continuing unemployment, and an effective solution must be found, but this bill is not the answer; it would merely compound the present serious economic plight of the country.

Mr. GRAY. Mr. Chairman, I yield such time as he may require to the gentleman from Massachusetts [Mr. LANE].

(Mr. LANE asked and was given permission to revise and extend his remarks.)

Mr. LANE. Mr. Chairman, the rate of unemployment in the United States has been disturbingly high for the past 5 years. A number of areas are affected by chronic unemployment considerably higher than the national average.

After two Presidential vetoes—in 1958 and 1960—the Area Redevelopment Act was finally signed into law last year. However, this is a basic long-term effort to rehabilitate the economies of these areas, and it cannot produce the immediate aid that is needed. An accelerated program of public works is the most effective method to do the job until longer-range programs are able to put more people back to work, and to build the foundation for future progress.

There is a substantial backlog of both Federal and local projects fully planned which can be started quickly, and this form of aid can be directed to those areas where unemployment is serious and persistent.

Out of hundreds of projects in the various States planned or being planned in areas eligible for aid under H.R. 10113, I note that in my area in Massachusetts, Lawrence-Haverhill, Lowell, and Dracut would benefit. The city of Lowell would benefit by the construction of a fire alarm building, and sidewalks, at an estimated cost of $179,600. The town of Dracut would be helped in putting some of the unemployed to work by the construction of a water project and three sewer projects, totaling $1,588,280. In the Lawrence-Haverhill area, local public works projects will be considered under the terms of this bill. In addition, the demand generated for materials and equipment used in this construction, will spread its effects throughout the economy.

Up to the present, there has been no coordinated program of public works construction to meet essential needs that would at the same time come to the aid of distressed areas. The Area Redevelopment Act provides us with the formula for determining those areas deserving of priority assistance. Whereas the ARA is concerned with long-range remedies, the Public Works Coordination and Acceleration Act will provide immediate help, with encouragement for those projects which can be started promptly and the bulk of the employment created by these civil capital improvements will occur within 12 months after the project is started.

Each local project, as distinguished from a purely Federal project, must meet an essential public need, such as water and sewer works, public buildings, local streets, and sidewalks, hospitals, et cetera.

The bill authorizes the appropriation of not more than $900 million to accelerate construction activity and employment both on direct Federal projects which have previously been authorized by Congress, and on local public works construction by matching Federal grants. In most cases, grants can cover up to 50 percent of the cost.

The unemployed are presently excluded from the productive activity and the earning power necessary for their own needs, and for the growth of our economy. We seek permanent remedies for this problem. But, until they are designed and applied successfully, we cannot permit the unemployed to drift into dependence upon charity, and into personal frustration and discouragement.

The bill would create an Office of Public Works Coordination and Acceleration, the basic purpose of which would be to provide essential information to the Congress and the President concerning public works backlogs, current construction, and planning for future needs. No Government agency has this responsibility at the present time, to insure the most effective allocation of resources.

The proposed office would also be charged with encouraging State and local governmental agencies to develop orderly capital improvement programs.

Wars, hot and cold, have delayed the construction of public works. To close that gap and simultaneously ease the unemployment problem are the twin objectives of H.R. 10113. Both are necessary, in combination with other measures, to realize the full growth potential of our economy.

Mr. GRAY. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Alabama [Mr. RAINS].

(Mr. RAINS asked and was given permission to revise and extend his remarks.)

Mr. RAINS. Mr. Chairman, I would like to speak briefly in support of the public works employment bill. I am very glad that the House will have an opportunity to cast a clear-cut vote on the question of unemployment. This bill represents the main opportunity we will have this session to make a record on unemployment and answer the question of whether or not we are willing to do anything about it. A vote for this bill is a vote to put the unemployed back to work and to stimulate our lagging economy. A vote against the bill would be a vote to ignore the plight of the unemployed and the danger that the country may slip into another recession. We must not let the discussion of details and side issues obscure the fact that a vote against this bill would be a vote to turn our backs on the 4 million jobless men and women.

I am particularly pleased that the committee set aside $300 million for rural areas. Many rural areas in the South have not known prosperity since the twenties. They suffer from chronic unemployment and low incomes. I spite of their great need, however, rural areas are handicapped in taking advantage of programs such as this bill would establish because they are not set up to act quickly when the opportunity for aid is offered. This reservation of funds will assure that ample assistance will be available to meet the needs of depressed rural areas.

At the same time, there are many industrialized communities in the South which will benefit equally under the bill. We have had our share of problems in recent years as a result of the 1958 and 1960 recessions and the inadequate recovery periods that followed.

Mr. Chairman, my years of experience in the field of housing and community development have convinced me that there is a great need for additional Federal assistance in the field of community facilities. Already we have adopted the "grant" approach to meet a number of urgent problems, particularly those affecting the larger cities. The principal example is the urban renewal program where the Federal Government pays two-thirds, and in some cases three-fourths, of the cost of slum clearance. In my judgment the need for public works, such as sewer and water facilities, often represents just as serious a need as the need for outright grant assistance. This, coupled with the ominous persistence of intolerably high unemployment, completely convinces me of the wisdom of this bill. At the beginning of this year, it was apparent that there was reason for concern over the future economic course. While the economy was working on an uptrend, a careful look at the basic economic factors showed that this was no reason for assurance that this recovery would be any more successful than those of other recent years. Economic experts are agreed that investment plays a key role in determining the level of business activity. A careful study of the purpose for investment and the factors involving the ability and willingness of the business community and of Government to step up investment indicated serious doubts whether or not investment would rise far enough or rapidly enough to bring the economy all the way back to full prosperity. In early March of this year I introduced a bill, the Community Facility Act of 1962, which was designed to spur employment through Federal grants for needed local public improvements. I take great pride in the fact that this bill, the discussions about it, and the support for it helped to clarify the situation and contributed to the formulation of the bill now before the House.

The Public Works Employment Act we are now considering is based on the fact that public works have special advantages as a means of stimulating the economy.

First, this approach makes it possible to spend the dollars where they are needed most in areas of highest unemployment while the entire nation is benefitted indirectly, through the demand for construction materials and equipment and through the spending and respending of the incomes generated by the first impact in those areas with the largest number of jobless men and women.

Second, it should be pointed out that, in spite of the gains in other fields of employment, the number of those now employed in contract construction is still below the year-ago level. In this case let me note that the housing starts which rose rapidly last spring from the extremely low winter levels have now dropped back during the past 2 months on a seasonally adjusted basis. Industry experts expect this reduced rate to persist in the months ahead. Third, the assistance provided by this bill will result in construction of many vitally needed local public works projects which will make our communities better places in which to live, add to our national wealth, and encourage economic growth in the future. Unfortunately, public investment has been a kind of stepchild in our economy in the past two decades. At the end of the 1930's, the special aids to public works construction combined with our reduced rate of population growth left us with a relatively inadequate level of community facilities. Under the pressures of World War II and postwar material shortages, local public works very often were shoved aside for a later time. Then, under the necessary restrictions of the Korean war period, community facilities again were delayed. Since then, recurring periods of tight money—which is generally recognized to have its greatest impact on the flow of home mortgage money and borrowing by local governments—have served to impede our efforts to achieve an adequate level of public investment. Throughout this period, local government has been under tremendous pressure to meet the needs of our rapidly rising population and the high standards of public service which our people demand.

The impact of this bill on public works construction will be felt quickly in view of this tremendous backlog of needed projects. On August 23 I inserted in the RECORD a table showing the hundreds of projects which have been fully planned or are being planned under the section 702 program of advances for public works planning. This actually is only a small part of the many projects which would be eligible for aid under this bill, but it is a clear indication of the fact that the assistance provided under this bill can be put to work promptly.

When this bill becomes law, as I am confident it will, and the funds are appropriated, an eligible community can apply for a grant to cover 50 percent of the cost of the needed public project. The balance will normally be raised through the sale of the community's tax-exempt securities to private investors. If it cannot obtain a reasonable interest rate and terms in the private market, then it can turn to the Community Facilities Administration and make application under the public facility loan program. Any project eligible for a grant under the pending bill is specifically made eligible for a public facility loan if necessary. These loans carry an interest rate of 3¾ percent; except that in the case of an area eligible for aid under the Area Redevelopment Act, the interest rate is 3½ percent. Taken together, this assistance means that these backlog projects and others in which the planning period is brief can be started in a very short time.

Mr. Chairman, when the Congress passed the Area Redevelopment Act last year, it gave recognition to the fact that there are many places with basic economic problems which suffer from high unemployment even when the country as a whole is well off. That program was never intended as a shot-in-the-arm for

these communities. It is a basic, long-range undertaking and, before any aid can be extended, the Area Redevelopment Act requires the development of an overall economic plan. This requirement immediately imposes considerable delay. Meanwhile the unemployed are still idle and this bill is urgently needed to put them back to work right now. At the same time, this aid will result in the construction of many much-needed Federal, State, and local public works. These communities, because of the same economic problems that result in their high rate of unemployment, have particular difficulty in financing necessary community facilities. The 50 percent grants provided by this bill coupled with the loans available under the community facility loan program to help finance the balance will give an immediate stimulus to employment in eligible areas and, in fact, throughout the country; and will help to make these communities better places in which to live and thereby enhance their prospects for economic recovery in the long run.

Mr. Chairman, the House this year passed a $4½ billion foreign aid bill. Much of that money will go for just the same kind of project that would be aided by this bill. It certainly seems to me that our constituents would be well warranted in taking us to task if we fail to support the bill now before us which would do for our fellow Americans what the foreign aid program does for those in other countries.

I want to answer some of the questions which have been raised in connection with this bill. In the first place, Why do we need to spend this $900 million? Unemployment has been above the 5-percent level continually for the past 5 years, and there is nothing in recent statistics or business reports that indicates a rapid return to full employment. That is first.

The next question so often asked of me is, Where would these public works projects be located? To assure that the program will have its first and greatest impact in areas where unemployment is most serious, aided projects would have to be located in one of the cities or counties eligible under the Area Redevelopment Act or in one of the 122 other communities which have suffered from high unemployment, 6 percent or more, for most of the past year. Altogether this comes to a little over 1,000 eligible places which are listed in the committee report.

How many jobs will be created under the bill? At least 150,000 new jobs would be created in on-site construction employment and in the factories and mills which produce construction material. The bill would create additional income by providing jobs for people who are now barely getting by on unemployment compensation or welfare payments. It is difficult for me to understand how we can continue to vote for unemployment compensation, which most of us do, then vote against a bill to get a man off that unemployment compensation and put him to work in a job that helps to build business and help the county, State, and Nation. As the incomes generated are spent and respent, at least 150,000 additional jobs would be created through the country, making a total of at least 300,000 jobs that this bill by conservative figures would actually put to work.

What kinds of Federal projects would this bill undertake? Only those Federal projects specifically authorized by the Congress and which meet the other requirements in the bill could be built. These could be small watershed, river and harbor, and flood control projects, public buildings, soil conservation, reforestation, water and sewer, and all the community facilities. The claim has been made—without foundation—that luxury items such as golf courses, swimming pools, and ski slopes could be aided under the bill. This is not true. The bill states that any project helped must "meet an essential public need." It is rather difficult for me to understand how you can talk of skiing being essential.

As I listened to the speeches that have been made here, I wondered if it had suddenly become dangerous to trust the President of the United States with all of the powers that we have always entrusted to whoever was the President. In all the years since I have been here, I cannot remember when the Congress ever said whether a Hill-Burton hospital would be built in St. Petersburg, Fla., or in the State of Alabama, or what low rent housing or urban renewal projects should be undertaken. The fact is that these responsibilities are left to the executive branch. I vigorously object to the wild charge that we are giving the man who is entrusted with the high office of the President of the United States some kind of imaginary "slush" fund. That claim was never made when Mr. Eisenhower was in office, and I do not think it is fair to make such charges now.

What kind of aid would be available for State and local public works? The bill authorizes Federal grants to cover 50 percent of the cost of local public works. The question was asked where a town that lacked financial resources would get the other 50 percent. I can name you plenty of small towns in Pennsylvania, Alabama, West Virginia, Florida, and all over the country that cannot float a revenue bond on reasonable terms. They do not have the financial standing that is necessary in order to do that. Under this bill, if a community cannot raise its share from its own resources or private lenders, it can borrow that 50 percent from the Community Facilities Administration. There is over $400 million in the public facility loan fund to meet this need.

How large would these projects be? The bill limits projects to small and medium sized projects through the requirement that most of the employment must be created in the first 12 months. This rules out any large undertakings such as dams.

What kind of local public works would be aided? Any local community facility for which the Federal loan or grant aid is authorized under existing law, except schools are eligible. For example, a grant could be used to help finance a water system or sewer lines, public building construction, sidewalks, and so forth.

What is the difference between this bill and the public facility grant provision in the ARA—Area Redevelopment Act? The aid for public facilities under ARA is strictly limited to those projects which are directly related to the creation of new permanent employment, such as a factory. The aid in this bill could be used for the whole range of public works, except for schools, as a matter of fact; and I want to touch briefly on that because those loans will be repaid, $2,500 million.

I have a letter from one of my distinguished colleagues that pointed out that there is $2.5 billion authorized but not yet used under existing programs. Let me point out that the $1 billion for urban renewal is for long-term contract commitments that cannot do anything for immediate employment. Let me point out also that the $500 million for Veterans Administration loans is confined to rural areas, and that two-thirds of that is used in buying buildings already built, and does not create new employment.

Let me point out also that the community facilities loan program is designed to meet our most urgent public facility needs; it is not designed to combat unemployment and the interest rate charged is too high for many communities which suffer from high and chronic unemployment.

Finally, Mr. Chairman, I want to answer the charge that the economy has not improved under the present administration.

When the Kennedy administration took over, the country was in the midst of a recession. Gross national product was only $500 billion, exactly the same level where it had been a year earlier. Since then, we have added more than $50 billion to the level of production measured by GNP, a gain of 10 percent.

When the new administration took over, nearly 7 percent of the labor force was out of work and the trend was upward. We have succeeded in reversing that trend, bringing the figure down to 5.3 percent.

At the beginning of 1961, corporate profits were running at a $40 billion annual rate and they were falling rapidly. By the beginning of this year, we had added $10 billion to corporate profits—fully one-fourth—and they are rising.

At the beginning of 1961, business was investing in new plant and equipment at an annual rate of $34 billion. Today the rate is up to $38 billion, a gain of over 10 percent. Proud as we are of these accomplishments, we are not complacent or satisfied. While the economy is rising, it is not rising fast enough, nor is there assurance that it will return to full prosperity in the immediate future. After the 1958 recession, recovery was brief and incomplete and we suffered another business slump. We must not let that happen again.

QUESTIONS AND ANSWERS PERTAINING TO THE PUBLIC WORKS EMPLOYMENT ACT (H.R. 10113)

Question: What would H.R. 10113 authorize?

Answer: The bill authorizes the appropriation of $900 million to expand em-

ployment through the construction of Federal, State, and local public works.

Question: Why do we need to spend this $900 million?

Answer: Unemployment has been above the 5-percent level continually for the past 5 years and there is nothing in recent statistics or business reports that indicates a rapid return to full employment.

Question: Where would these public works projects be located?

Answer: To assure that the program will have its first and greatest impact in areas where unemployment is most serious, aided projects would have to be located in one of the cities or counties eligible under the Area Redevelopment Act or in one of the 122 other communities which have suffered from high unemployment—6 percent or more—for most of the past year. Altogether this comes to a little over 1,000 eligible places which are listed in the committee report.

Question: Will these eligible areas be the only ones to benefit by the bill?

Answer: Certainly not. The program will stimulate the entire economy through the purchase of construction materials and will have a multiplier effect as the incomes created are spent and respent.

Question: How many jobs would be created under the bill?

Answer: At least 150,000 jobs would be created in onsite construction employment and in the factories and mills which produce construction material. As the incomes generated are spent and respent, at least 150,000 additional jobs would be created through the country, making a total of at least 300,000.

Question: What kinds of Federal projects could be undertaken under the bill?

Answer: Only those Federal projects specifically authorized by the Congress and which meet the other requirements in H.R. 10113 could be built. These could be small watershed, river and harbor and flood control projects, public buildings, soil conservation, reforestation, construction in national parks and so forth.

Question: What kind of aid would be available for State and local public works?

Answer: The bill authorizes Federal grants to cover 50 percent of the cost of State and local projects.

Question: How would the community put up its share of the cost?

Answer: Where a community is unable to sell its securities to private investors at reasonable interest rates, it can borrow from the Community Facilities Administration. This agency has approximately $400 million available for this purpose.

Question: How large could these projects be?

Answer: The bill limits projects to small- and medium-sized ones through the requirement that most of the employment must be created within the first 12 months. This rules out any disproportionately large undertaking, such as dams.

Question: Could a community get these grants for something which is merely a luxury, like a swimming pool?

Answer: That would be impossible under the bill which states that any project aided must meet an essential need.

Question: How quickly could this program get under way?

Answer: Many projects could be started almost immediately and it is expected that most of the aid would be committed in a matter of months. Unlike some public works programs in the past, this aid would not be used for very large projects which have a long lead-time. There are a tremendous number of projects which would be eligible that are already fully planned and could be undertaken quickly if this aid were available. A list of over 500 projects in eligible areas, on which planning is completed but construction not yet started, or which are now being planned, was printed in the CONGRESSIONAL RECORD of August 23, 1963, just as an indication of the backlog which exists.

Question: What kind of local public works could be aided?

Answer: Any local community facility for which Federal loan or grant aid is authorized under existing law, except schools which are not eligible. For example, the grants could be used to help finance water and sewer lines, public buildings, streets and sidewalks, and so forth.

Question: Is this another depressed areas bill?

Answer: No, many areas not eligible under the Area Redevelopment Act are eligible under this bill. In addition, there is a clear difference in purpose and in the assistance provided. The Area Redevelopment Act is a basic long-term effort to cure fundamental economic problems and requires comprehensive planning as a first step. That law was never intended as a shot in the arm for employment. The public works bill is designed to meet the immediate problem of high unemployment in both depressed areas and other areas of high unemployment, and at the same time build useful community facilities which will make these communities better places in which to live and help their long-term growth. This bill will also stimulate the entire economy and create jobs throughout the Nation.

Question: What is the difference between this bill and the public facility grant provision in the Area Redevelopment Act?

Answer: The aid for public facilities under the Area Redevelopment Act is strictly limited to those projects which are directly related to the creation of new permanent employment, such as a factory. The aid in this bill could be used for the whole range of public works—except schools—which are justified on their own merit.

Question: Will not this $900 million increase the Federal deficit?

Answer: The principal threat to a balanced budget is the danger of a recession. The largest peacetime deficit in our history—$12 billion—came as a result of the 1958 recession. About three-fourths of that resulted from the loss of revenue and most of the rest came from increased expenditures such as temporary unemployment compensation. The economic stimulation that this bill would give would increase Federal revenues. Also, it should be kept in mind that we are currently spending $4 billion a year for unemployment compensation.

Question: Why would this bill authorize matching grants for projects now eligible only for loans?

Answer: Loan assistance may be adequate to meet ordinary community facility needs, but the present circumstances of high unemployment and uncertain economic outlook call for a more direct and effective aid.

Question: Could not the President use the $2.5 billion of unobligated funds under existing programs, such as urban renewal, VA, home loans, farm home loans, and community facilities, so that this bill would not be needed?

Answer: None of these programs would provide the right aid at the right places to meet the present problem of unemployment. Half of that total is for the urban renewal program and urban renewal is necessarily a long and time-consuming undertaking. Moreover, the first object of urban renewal expenditures is the acquisition of land and existing structures, and this does not create employment. The highly successful community facility program authorizes only loans and carries an interest rate of approximately 3¾ percent which simply is not enough aid to stimulate enough additional construction promptly. The home loans for rural areas under the Farmers Home Administration and Veterans' Administration cover many areas which, while lacking sources of private mortage money, are not necessarily those in which unemployment is serious. Moreover, two-thirds of the VA loans are made to purchase existing homes and thus generate no employment. In contrast, H.R. 10113 is carefully designed to stimulate construction promptly and in areas of greatest need.

Mr. AUCHINCLOSS. Mr. Chairman, I yield 2 minutes to the gentleman from Washington [Mr. PELLY].

[Mr. PELLY addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. AUCHINCLOSS. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. BALDWIN].

Mr. BALDWIN. Mr. Chairman, it seems to me that we have an obligation, each of us, representing the people of our congressional districts, to be certain that any determination we make here at this time is actually from a fiscal standpoint in their best interests. All of our people are interested in the way we use the funds which we take from them in the form of taxes.

At the beginning of this year, the original budget submitted for the fiscal year 1963 was very narrowly in balance by about $453 million. About 3 months ago the Joint Committee on Internal Revenue Taxation, a committee set up by the House and Senate, the staff of that committe estimated that they had

to change and that we would have a deficit of $3.8 billion for the fiscal year 1963.

Since that time the Treasury Department has made a determination to put into effect a speedup appropriation schedule which, according to the best estimates, will increase our already existing deficit for 1963 by an additional $1½ billion.

The President, a week ago last Monday night, made an announcement in his TV talk that he would recommend to the Congress, on January 1, a tax cut effective as of that time. That means the tax cut will be in effect for one-half of the fiscal year 1963. The exact details of the tax cut have not been announced, but from estimates available this would run to about $6 billion a year. For half of the fiscal year 1963, that would mean an additional reduction in revenues of $3 billion. Therefore, if we take the estimate of the Joint Committee on Internal Revenue Taxation, and a deficit of $3.8 billion is added to an additional deficit of $3.5 billion, due to the accelerated schedule, and add to that a reduction in revenue as the result of a proposed tax cut, we have a total deficit of $8.3 billion for the fiscal year 1963, and that is without considering the impact of the bill now before us.

This bill was not considered by the administration at the time the budget was submitted to us in January; therefore, no funds were in the bill submitted to us in January for this purpose. If we pass this bill authorizing $900 million of unbudgeted funds, whatever portion of that is spent in the fiscal year 1963 will be added to an estimated budget deficit of $8.3 billion.

Now, is it not proper for us as custodians of the tax funds to determine whether already existing funds made available to the administration by Congress have been utilized. It was evident that as of the time of the hearings on this bill that had not occurred, because 2 weeks ago the Department of Commerce made a public announcement that they were releasing 1 year in advance $1.9 billion of highway funds which otherwise were not anticipated to be released this year.

The Department of Commerce testified on that bill back in the latter part of March or April. Therefore, this one act of the Department of Commerce in releasing $1.9 billion 2 weeks ago in contractual authority for highways is going to pump into our economy twice as much funds as the total amount contemplated by this bill.

Now, the figures are shown, State by State, in the announcement made by the Department of Commerce. The State that would receive the largest single sum, according to the Department's figures, is the State of Pennsylvania. The State of Pennsylvania alone under this advanced highway allocation received $149,149,000, and every other one of the 50 States of the Union share in this figure. This would indicate one source that the administration witnesses had not contemplated when they testified for this bill. But these are other sources. There are six of those other sources listed in the minority report that was submitted in connection with this bill. The first of them was the Veterans' Administration direct home loan program. Available last year and this year was the total of $700 million in the Veterans' direct home loan program alone. Up to the present time only $250 million has been committed under this fund. This is available and could be utilized. Those are applications unhandled in the Veterans' Administration.

I would like to read a couple of brief quotes from the hearings on the second supplemental appropriation bill for fiscal year 1962. The hearings on this bill were held back in March and April. These are some questions which were asked of the Veterans' Administration representatives. I shall quote now from page 219:

> Mr. BOLAND. How about the charge that you are holding up $300 million in the veterans' housing program? What is the answer to that assertion?

The answer was given by Mr. Brownstein, of the Veterans' Administration:

> We decided on conducting a study, and we deferred drawing additional funds during the balance of the current fiscal year.

The next question asked by Mr. BOLAND was this:

> With respect to the applications for direct loans to veterans, what is the picture? Are some of the veterans who are looking for direct loans out of this program being hurt because of the activity of the Veterans' Administration?

The answer was as follows:

> We have about 37,000 on the waiting list for direct loans.

Mr. BOLAND asked another question:

> Did you come to this decision in view of the effect upon the President's budget?

The answer was:

> We were asked to look at all areas of our program activities to see where it might be able to effect some savings. Now we are working in this program, along with others. We did determine that it could be done here and that properly it should be done here.

Mr. Chairman, this clearly indicates that the Veterans' Administration withheld funds for which they had applications. They had 37,000 applications on file, and they are still withholding such funds; $450 million is unobligated at the present time.

Mr. Chairman, the point has been made by a preceding speaker that a considerable portion of the Veterans' Administration direct home loan requests are to purchase buildings that already exist. That may be true. But even if one-fourth of it were for new construction this would be 10,000 homes to be built across the country. In addition, many of those who get loans to acquire additional houses, relieve funds by the seller of the house which the seller, in turn, utilizes in some cases to buy or build new houses. Therefore this would be a tremendous stimulus to the economy and if the administration wants $900 million for the purpose of alleviating unemployment, is it not fair that we ask the administration first that it utilize the funds we have made available to them which they have not yet used?

Mr. Chairman, in the Farmers Home Administration housing loan program, which applied principally to rural areas and small towns, we authorized last year $430 million. Only $128 million has been obligated to date, leaving $302 million unobligated. Permit me to quote from the discussion yesterday in the CONGRESSIONAL RECORD when the gentleman from Mississippi [Mr. WHITTEN] raised this question. He said, and I quote from page 16618 of the CONGRESSIONAL RECORD, as follows:

> However, since the Farmers Home Administration went into the rural housing program, as against requiring that it be strictly farm housing, the demand has been so great that at the present time there has been a freeze order by the Bureau of the Budget on the use of those funds, accounting for all of the pressure that Members have been receiving from applicants and people back home, including the State Farmers Home Offices because at present there is a freeze order on allocating those funds. But they are in existence, and it will take only a release by the Bureau of the Budget to make them available.

Mr. Chairman, it seems strange to me that when the administration has put a freeze order—and it was brought out in the debate yesterday and brought out in the testimony before the Committee on Appropriations in its second supplemental hearings—on the allocation of funds that the Congress made available to those agencies last year, it seems strange to me that at the same time the same administration is coming to the Congress and asking for $900 million of additional funds when it has not used funds in those two programs. Those are just two. There are other programs; the Community Facilities Administration, public facilities loan program; we authorized $650 million last year, and only $202.6 million was obligated as of last week, with $447 million still unobligated.

Urban renewal; we authorized $2 billion last year, and as of last week only $827 million was obligated, with $1.173 billion unobligated.

There is the Maritime Administration, for shipbuilding. I am particularly familiar with this because many of us from the coastal areas have had letters from practically every ship construction union in those areas pleading with the Maritime Administration to release the funds. Congress last year appropriated, together with carryover funds, a total of $153 million for ship construction. The Maritime Administration released only $89 million, leaving $64 million untouched, that the maritime ship construction unions all over the coastal areas pleaded with the Maritime Administration all last year to release. Democrats and Republicans alike from the San Francisco Bay area contacted the Maritime Adiministration to try to get these moneys released.

In the Area Redevelopment Administration, public facilities grants and loans, were authorized in the depressed areas bill last year $90 million for public facilities grants and loans. As of last week only $24 million was obligated and $66 million is not yet committed.

These six programs alone involve $2.5 billion of uncommitted funds at the present time. It certainly seems to me that we should say properly to the administration, "We have given you funds that would stimulate construction, funds that would stimulate employment." The testimony was given earlier that $900 million would produce 125,000 direct jobs and that many more indirect. What about the $2.5 billion already available and not yet used? Is it not proper for us, as custodians of the taxpayers' funds to first ask the administration to make maximum utilization of these funds before coming to us for additional funds?

It is frequently said in court that you do not come into court with clean hands unless you first prove that you have done everything possible to do justice. Here we have agencies that have not done everything possible to make available the funds that we authorized last year at the request of the administration. Those funds have not yet been used.

Mr. Chairman, one further point, and that is the question of the transfer of authority from the Congress to the President. The point has been made by the preceding speaker that in his opinion this bill provides no change from what has been done in the past. But that is not the case. He pointed to the Hill-Burton program. We do not select specific hospitals, he said; no, we do not. But we appropriate funds for that specific program, the Hill-Burton program.

He pointed out with respect to the housing program that we do not select specific public housing projects. No, we do not, but we authorize a specific sum of money for the housing program. We have never up to the present time given the administration a pool that could be allocated to the housing program, to the Hill-Burton program, to community facilities, to veterans' home loans, to the Park Service, to Corps of Engineers' projects, to Bureau of Reclamation projects. We have never given such a blanket authority as that, a complete looseness and transfer of funds from one program to the other without any further control on our part.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BALDWIN. I yield to the gentleman.

Mr. BENNETT of Michigan. Mr. Chairman, I know the gentleman is interested in districts like mine—there are a number of them throughout the country—where we are having a serious depression and have had one for several years. It is worse now than it was a year ago, and it was worse a year ago than it was 2 years ago. We are out of business, as I said this morning, primarily because of a free trade policy that Congress has put on the books. It has been on there for 15 or 20 years. We have extended it recently to a point where we admittedly now are going to put additional businesses and industries out of business and throw perhaps millions of people—God knows how many, nobody seems to have the figures—out of jobs. What is the answer to it? I know the gentleman is against this bill. Maybe this bill is not the answer to the problem in my district or in similar districts, but my people are out of work and many of them have their unemployment benefits exhausted. They are out of jobs solely and simply because of the free trade program enacted by Congress. And it is going to be worse. The few industries we have left are going to be emasculated once this broad, unlimited power that the President is given under this recent bill takes effect.

Mr. BALDWIN. If I may answer the gentleman's question, I voted, as I think most of the other Members on the floor voted, for that provision of the bill which was on the floor, the Trade Expansion Act, which made available for the first time funds to be utilized for any industry or any men that were thrown out of work by way of the act, funds for additional compensation and retraining. I also voted earlier this year for over $400 million for a separate retraining bill. It seems to me those are the provisions that are going to make an effort to attack the problem the gentleman mentions, which would be any additional displacement under the trade program.

Mr. BENNETT of Michigan. Does not the gentleman agree that is a welfare-type program?

Mr. BALDWIN. I do not think a retraining program is a welfare-type program; no.

Mr. BENNETT of Michigan. The relief that is going to be given to industry that is going to be emasculated and put out of business is a welfare program as well as the unemployment program for workers.

Mr. BALDWIN. The retraining program in my opinion is not a welfare-type program.

Mr. BENNETT of Michigan. Retraining is just one feature.

Mr. BALDWIN. We authorized $400 million for retraining in a separate bill earlier this year, plus the provision in the trade bill. Those are specifically designed for the areas the gentleman mentions.

Mr. BENNETT of Michigan. The retraining program is a wonderful thing. It is a wonderful thing to be able to give a person a 3 months, 6 months, or a year's course in some trade. But where are you going to put him to work after you train him? That is the answer nobody seems to have. You are going to have more people out of jobs and put more industry out of business, so you are retraining people and spending $400 million, as the gentleman says, to retrain them for what? To go to Europe or China, to work where we are spending this money?

Mr. BALDWIN. It seems to me the gentleman is arguing the merits of the trade bill. I do not think this is the day that will be decided in this bill.

Mr. BENNETT of Michigan. The trade bill has a lot to do with this bill, in my opinion.

Mr. BALDWIN. I understand that. I will say that the Congress last year gave the administration authority in the so-called depressed areas bill, the redevelopment bill, to do certain things. When we had our hearings on the bill, the Governor of the State of Michigan said there were innumerable applications before the Authority and not a single one had been approved in that time for grants or loans. But that is not the fault of the Congress. I think we should ask the administration to make maximum use of these funds before they ask for more.

Mr. BENNETT of Michigan. I agree that the redevelopment plan has not worked out expeditiously or as the authors of the bill thought it would, although I gave the bill my vote thinking it would be of some help. But it seems to me somewhere along the line the Congress has a responsibility to these people and the businesses that have been put on the rocks because of these laws that have been passed down here in favor of foreign people.

Mr. GRAY. Mr. Chairman, I yield such time as he may require to the gentleman from Pennsylvania [Mr. RHODES].

Mr. RHODES of Pennsylvania. Mr. Chairman, I rise to support H.R. 10113, the Public Works Coordination and Acceleration Act of 1962.

As part of a comprehensive economic program, this legislation should go a long way in fighting unemployment in the Nation's depressed areas through the construction of needed public facilities.

Despite the recent upturn in the economy, unemployment still remains far above tolerable levels. Four million Americans are now looking for jobs and cannot find them. Of this number, 1.5 million have been without work for 15 weeks or more and 700,000 have not had employment for more than 27 weeks. A good many of these people live in the Nation's depressed areas where the conditions and effects of the great depression linger on.

In the State of Pennsylvania there are almost 50 such areas of economic distress. To cite just one example, the two counties that have been added to my former congressional district are among those hardest hit by unemployment in the entire Nation. In Schuylkill County 10.6 percent of the working force is unemployed. In Northumberland County 7.1 percent are jobless. In these two counties and hundreds like them throughout the Nation, millions of Americans live without hope for their families, without confidence in the future, without faith in their public officials and government.

Passage of this emergency public works acceleration bill will help the people of the anthracite regions reduce unemployment and also attract new industry.

This bill should induce a prompt expansion of employment in those areas suffering from the most serious economic problems—areas such as the coal regions of Northumberland and Schuylkill Counties. It will do so by authorizing an appropriation of $900 million from which the President can make 50 percent grants for a wide range of community facilities.

These grants can be used to help finance water and sewer facilities, public buildings, streets, and sidewalks, and practically any other public works—ex-

cept schools—which meet an essential public need.

The coal regions of Schuylkill and Northumberland Counties are badly in need of such projects. The Schuylkill County Planning Commission, in its initial overall economic development plan for the county, stated that probably the greatest physical need of the entire redevelopment is due to the lack of public sewers, water facilities, and roads, both to serve community needs in general and to meet requirements for industrial development.

In fact, the commission's report stated that the main impediment to the physical development of Schuylkill County's industrial parks is the lack of adequate public facilities.

Such needed facilities would be eligible for assistance under this public works acceleration bill.

Seven communities in Schuylkill County have already applied for Federal assistance in planning for sewer systems. The communities of Pine Grove, Tamaqua, Orwigsburg, Port Carbon, Cressona, Ashland, and St. Clair, have each applied for planning assistance for sewer systems, the total estimated construction cost of which will be $4,614,889. These projects may be eligible for 50 percent assistance under the public works bill. If all of them are so eligible, the cost of construction borne by the communities will be reduced to $2,307,445.50.

More important than the physical facilities that will be built are the men who will be given work under the program. Every penny spent for public works will be money put directly into the income stream. This means that those put to work on these projects will have money to spend in the community for retail goods and services. This will have a good "multiplier effect" which should provide a real shot in the arm to the economies of the coal regions. This will also mean fewer men on relief or drawing unemployment compensation.

Passage of the bill will be very gratifying personally. I introduced a similar bill last year, while Senator JOSEPH CLARK authored and managed through the Senate a comparable piece of legislation. We have been fighting for such legislation for a long time. This bill is an important part of President Kennedy's economic recovery program.

While much has been done and is being done by this Congress and the Kennedy administration to alleviate these conditions of unemployment, much remains to be done. To be sure, the Area Redevelopment Administration, the manpower development and training program, and the Federal Housing Administration are all doing their part. But these are basically long-range programs whose full effects will not be felt for a number of years. What is needed now—and what this bill attempts to do—is to create some short-term measure to provide job opportunities for the unemployed while our long-term programs can mature and become effective.

This bill, which will unleash $900 million of Federal moneys for the construction of public works and facilities, would make a prompt and substantial addition to employment and incomes not only in our depressed areas, but in the Nation as a whole. Combined with matching funds from State and local governments, the total construction spending generated in the coming year under this legislation would amount to approximately $1.5 billion. Over 150,000 new jobs would be directly created with about one-half in the communities where projects are undertaken and the other half in areas which will supply the cement, lumber, equipment, and other construction materials.

In addition to this, as the $1.5 billion is paid out, it will be spent and respent giving it a multiplier effect which will add several billions of dollars to the total national income. This additional income and spending will provide markets for a greater output and greater employment throughout the country. It will give our businessmen the assurance that they will have a growing market and that moneys put into new plant and equipment will be well spent.

There are those, Mr. Speaker, who will label this and all public works legislation as "wasteful spending." But what is more wasteful than the waste of idle men, idle machines, and idle brainpower? The overall cost to the Nation in terms of production lost by excessive unemployment in recent years runs to untold billions upon billions of dollars.

In 1961 unemployment averaged 6.7 percent of the labor force. If that rate could have been lowered to 4 percent, our gross national product would have been over $560 billion instead of the $521 billion actually realized. This represents a gain of almost $40 billion. For the decade of the 1950's as a whole, the Council of Economic Advisers has estimated that the total loss of national production from underutilization of our resources exceeded $175 billion—almost $1,000 of goods and services for every American citizen.

In addition to this, unemployment means heavy expenses for unemployment compensation payments. Over the past 10 years, $24 billion has been paid out to jobless families who needed and deserved this income, but who, along with the Nation, would have benefited more if employment had been available.

Unemployment also means lost tax revenues which are essential to keep the Nation on a sound fiscal basis. The record clearly indicates that the Federal budget can be balanced or a surplus achieved only at high levels of employment. It should not be forgotten that the largest peacetime deficits were experienced in years when unemployment was highest. The additional jobs created by this bill and the stimulation of the economy which will result from it will increase revenues at all levels of government—Federal, State, and local.

I am confident a public works program in these areas of unemployment will make for a stronger and healthier America. For the long-term unemployed, job opportunities created under this bill would mean better food for the dining room table. It would mean better clothes for wife and family. In some cases it would mean that a worker and his family could look beyond the needs of the day and think of future plans and opportunities.

In addition to this, the projects completed under this program will not only restore dignity and worth to the individual but create real wealth in new capital plant and equipment.

The last massive public works program was undertaken during the early years of the New Deal. Any objective study of that program stands as a tribute to its soundness and benefit to the entire economy. In the first 4 months of that program, 40,000 schools were built or improved, 12 million feet of sewer pipe were laid, 469 airports were built, 529 were improved, 255,000 miles of road were built or improved, and 3,700 playgrounds and athletic fields were built or improved. What fair and just person can refer to such accomplishments as "pork" or wasteful spending?

Since that last major effort to put our jobless back to work and care for the Nation's public needs, there have been two major wars, four economic recessions, and the staggering costs of peacetime defense. For years, pressing public needs have taken a back seat to more important defense and private charges. Because of this, there is a widespread shortage of classrooms, hospitals, clinics, public buildings, parks, and recreational areas.

The problem of unemployment is not a sectional one but a national one. It is not a political or partisan problem, but a bipartisan one. No civilized nation can complacently sit by while millions of its fellow citizens lack the opportunities and means to earn their fare.

Certainly, no one believes that one public works program by itself will solve the Nation's unemployment. It will, however, provide needed short-term relief. It will help to rebuild and revitalize our cities and municipalities. It will help to fill the gap until the administration's long-range programs to increase our rate of economic growth can mature and have their full effect.

Mr. GRAY. Mr. Chairman, I yield such time as he may require to the gentleman from Pennsylvania [Mr. TOLL].

Mr. TOLL. Mr. Chairman, our country has long been faced with two major problems: The unemployment rate and the inability of local governments to keep abreast of the ever-increasing demand for public works and the services they provide. The bill presently before us would be a major step toward the solution of both of these problems. The proposed program will have greatest effect and impact in areas where unemployment is most serious, bringing immediate relief to those areas. At least 300,000 new jobs would be created by the new construction provided for under this measure, a substantial boost would be given to the economy throughout the country and tax revenues on both national and local levels would increase. Furthermore, vitally needed public works projects to provide better and more effi-

cient services could be initiated immediately. For example, funds would be used to aid in construction of water and sewer lines, public buildings, streets and sidewalks.

Under the provisions of this measure, the great city of Philadelphia would be immeasurably aided. In fact, any urban area today which suffers from underemployment and is in need of necessary public works would reap great advantage from this legislation. Not only is employment stimulated and these additional jobs create a demand for new goods and services, but the countless suppliers in construction and related fields would find their business position vastly improved. Public works projects immediately inject new life into the economic stream of any area, with resulting benefits to both merchants and workers as well as the economy as a whole.

Our votes today for this bill would promote the improvement of business activity and employment as speedily as possible, while contributing to build the foundation for future progress. I strongly urge the Members to support H.R. 10113 to enable our economy to move forward, to provide necessary public works and employment, and to increase nationwide prosperity.

Mr. GRAY. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Oklahoma [Mr. EDMONDSON].

(Mr. EDMONDSON asked and was given permission to revise and extend his remarks.)

Mr. EDMONDSON. Mr. Chairman, I think that of all of the works of this session of the 87th Congress this is perhaps the most important and the most significant for more than 1,000 communities and counties across this Nation. The gentleman from Michigan [Mr. BENNETT] put his finger squarely on the central point just a few minutes ago in the question he directed to the gentleman from California when he pointed out that this program is aimed directly at the unemployment problem. It is a program aimed directly at providing jobs where the unemployed people are located. With all respect to my good friend from California, who ran off a long list of programs on which we have money available today, only one of those he mentioned, area redevelopment, is a program which is pointed and directed by the Congress at the place where the unemployment exists. All the rest of them are just as likely to create activity and construction in places where you have employment at an adequate level today. But this program by its very terms and by the conditions imposed under it must concentrate its impact in the areas where the men are out of jobs. That is an absolute imperative of this program. It is a direction and a control placed in it by Congress that makes this piece of legislation the most important piece of legislation we will act on in this session for the more than a thousand communities in the Nation where unemployment is a pressing problem.

If you really want to go on record with a vote to do something constructive and definite for the unemployed of America, this is the bill where you have the opportunity to cast that vote. This is your major opportunity and perhaps the only opportunity you will have in this session to do something direct and constructive in that area.

When I was in law school in Oklahoma more than 20 years ago the elderly dean of the law school, who has since passed on, told us that one central thing every lawyer ought to remember is that good law does not blow hot one minute and cold the next, and he said that a good lawyer should not blow hot one minute and cold the next when he is trying to argue points in a case. But if I ever heard a blow-hot, blow-cold argument on the floor of this House it was made a few minutes ago by a member of our committee whose ability as a lawyer has been unquestioned during the time he has served here, the gentleman from Florida [Mr. CRAMER]. Let me give you perhaps the best illustration I have ever seen on this floor of blowing-hot blowing cold on an argument to the House of Representatives. The gentleman from Florida says the first big objection he has to this bill is that it is the biggest blank check ever given to a President—$900 million; we are handing him that as a blank check. Then almost in the same breath he says, but the money that is authorized here is not enough to help unemployment in the United States.

The check is too big in one breath, and in the next minute the check is not big enough to help meet the problem that we have in this country.

He says he objects to it—this is argument No. 3—because the Presidential power is practically unlimited, there is absolutely too much power vested in the President in this bill. Then he turns around a breath or two later and says this bill is too restrictive to make performance possible for many communities in this country.

Then he refers to section 10 on page 19 in one breath and says the President's power is too great. One breath later he says the power is not great enough.

To continue this blow hot-blow cold business a little further he objects to this bill, because it allows the Executive to invade the prerogatives of Congress. Then he complains because the bill sets forth particular areas of eligibility and objects to it on the theory that congressional committees are just not competent to determine what areas should be in this program. In one breath our friend from Florida wept over the loss of congressional prerogative in this bill, but in practically the next breath he questions the competency of a committee of Congress to legislate on matters such as this.

This is typical, to my way of thinking, of the arguments that have been advanced on the other side against this bill. In one breath we do not have enough money to meet the problem; in the next breath we have far too much. In one breath there is not enough expenditure to make any impression and in the next breath the expenditure is way beyond reason. But of all the arguments so far advanced against this bill the unfairest one is the charge in the minority report, repeated on the floor by my good friend the gentleman from Kansas [Mr. AVERY], that this is a bill which plays politics, and it permits the President to play politics. I think the language of the minority report is that it permits Presidential purchase of political support and Presidential payment of political obligations. This has already been answered very adequately by the gentleman from Alabama that Presidents, constitutionally, historically, and legally, have always had this kind of power. But how has this administration wielded the power that it has had in this field? I think the Kennedy administration record in this area is as fair as the record of any administration in this century, and you can look at the bills that have been passed by this Congress under the authorship of our good friends on the Republican side of the House, under the authorship of our friends on the Democratic side of the House, and you will find administration support fairly distributed among the projects that have merit.

We reviewed, after this argument was made a little bit ago, the 204 projects that are now pending before the Public Works Committee waiting for action by the Public Works Committee, which have been reported favorably by this administration. Mr. Chairman, of the 204 projects, 103 favorably affect districts with Republican representation; 103 out of 204 projects favorably recommended by the Budget Bureau and by the departments of this administration favorably affect Republican districts in this House.

Who are some of the Republicans enjoying this kind of political preferment, if you please, if this is what they say it is? They include such stout supporters of the Kennedy administration program as the minority leader, the minority whip, the national chairman of the Republican committee, the keynoter at the Republican Convention in 1960—yes—and the gentleman from Florida [Mr. CRAMER], not once, not twice, but three times in projects favorably reported by this administration. Yet they have the unmitigated audacity to come on the floor of the House and say that this is a politically minded administration that is playing politics with projects of this kind.

Mr. Chairman, the record is clear, and I think it reflects credit upon the administration in this area. They have been calling the shots as they see them, they have been reporting these projects on their respective merits, and they will continue to do so under this program when we have enacted it into law.

This is not just a regional program, it is not a program for a few parts of the country. The record shows in the list of communities that are eligible 32 States and Puerto Rico are eligible for section 5(a) assistance under this program. Forty-four States, plus American Samoa and the Commonwealth of Guam, Puerto Rico, and the Virgin Islands are eligible under section 5(b). In the substantial unemployment areas you will find 41 major areas in 19 States, and 91 smaller areas in 33 States of the Union.

Practically every State in the Union stands to benefit from this program, practically every State in the Union has unemployment problems that will be helped by it.

I submit to you we do a good thing for the country, and certainly we do a good thing for the unemployed of the country, when we enact this bill, as I am confident this House will.

Mr. AUCHINCLOSS. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. BYRNES].

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. BYRNES of Wisconsin. Mr. Chairman, I think most Members have by now seen the Secretary of Agriculture's latest offering, "Packet for the Bride."

It is an attractive brochure, with a picture of a demure bride in pink on the cover, and containing 10 agricultural publications and a letter of congratulations from the Secretary of Agriculture.

It is, I suppose, the first in a series. First, "Packet for the Bride," then "Gadgets for the Groom," followed by "Incidentals for Infants," and topped off, I imagine, by "Miscellany for Mothers-in-Law," all of them designed, written, printed, gathered, packaged, stuffed, sealed, and mailed at taxpayers' expense.

"Packet for the Bride" is entirely in character with this administration. It is typical of the way voters are compartmentalized, propagandized, and subsidized by the New Frontier. It is entirely in keeping, for example, with the bill now before us.

But, this is no "Packet for the Bride."

This is a "Bundle for Bailey," a $900 million package that can be justified on only one count—that it will win votes—either here in Congress, by methods known to you all, or among the voters, by offering carefully selected areas something for nothing.

The debate has shown that this bill is nothing more than an irresponsible spending bill containing an almost unprecedented grant of legislative power to the Executive.

I love brides, Mr. Chairman—I even married one—but I do not think we should insult them with "Packets for the Bride."

I love voters, too, Mr. Chairman, but I do not think we should insult them with this "Bundle for Bailey."

If we are going to package things, I would suggest a different kind, something like "Savings for Taxpayers," and the best way I know to begin is to send this bill back from where it came with a resounding defeat.

Mr. AUCHINCLOSS. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. WALLHAUSER].

(Mr. WALLHAUSER asked and was given permission to revise and extend his remarks.)

Mr. WALLHAUSER. Mr. Chairman, while the stated purpose, to reduce unemployment, of H.R. 10113 is praiseworthy, the method taken to do so under this legislation is so unrealistic as to make its defeat necessary in the public interest.

It proposes to give the President a blank check up to $900 million to accelerate the construction of public works. It contemplates the appointment of a coordinator, who might more properly be called a czar, to administer the program.

The whole history of public works spending shows that it is not effective because it takes too long to start and produces too few jobs.

The President has huge sums of money at this disposal now—$2.5 billion unobligated—and it would make more sense, it seems to me, to proceed expeditiously with already authorized programs.

Beyond the fact that the amount of $900 million is unbudgeted, and would therefore increase the already heavy anticipated deficit, this bill would eliminate congressional control over certain appropriations and would result in a massive transfer of power from the Congress to the President.

If the taxpayers of this country are to receive a tax cut in 1963 as a stimulant to the economy, as promised by the President, this legislation is completely unnecessary. It would result in more, rather than less, spending, which should accompany a tax reduction and would certainly be a boondoggle.

Mr. AUCHINCLOSS. Mr. Chairman, I yield 15 minutes to the gentleman from Iowa [Mr. SCHWENGEL].

(Mr. SCHWENGEL asked and was given permission to revise and extend his remarks.)

Mr. SCHWENGEL. Mr. Chairman, I come before this Committee to testify as strongly as I can against what I call one of the most poorly written bills I have ever seen presented to our committee. I believe also it is inadequate, it is unsound; and, in view of the testimony that we have already heard, I believe if facts have any weight, we will defeat it. I think the Republican Members who have taken the podium here and pled the case have already stated all that needs to be stated. So I shall not reiterate or dwell at length on anything they have said.

Before proceeding further I want to say that I have considered it an honor and privilege to serve on the Public Works Committee of the House. It is one of the most important committees of the House. In the 8 years it has been my honor to serve on that committee, we have brought out some very significant and some very worthwhile legislation. Most of it is doing the country good, much more good than this bill could possibly do.

I find it hard to take issue with some of my friends on the other side, whom I respect so highly, but I must as strongly as I can save them from what I believe to be their own mistakes. From some of their arguments we get the idea that the Republicans are not interested in public works, that we are not interested in relieving the unemployment problem that is critical, and it has got more critical under the administration, mainly because business lacks confidence in the present administration, and also because the public is losing confidence for various reasons.

I have said, and I believe sincerely, that most of this bill does not make sense.

It does not save dollars. It wastes dollars. It will not get the country moving again. But the country can get moving again if this administration or someone else get its foot off the projects that have been authorized and passed by this Congress and signed by the President. Those projects have been called to the attention of the members of the committee very effectively by the speakers who have preceded me.

Mr. Chairman, in the brief time that I have I should like to stress a little bit a point that was made by a preceding speaker relative to the 196 projects I thought—the previous speaker says 204 projects—that are before our committee awaiting our action for authorization and then to be brought to the floor of the House. I am glad to note that this is a bipartisan attempt and, perhaps the fact that there are probably more projects that reflect favorably on Republican districts than there are on Democratic districts may explain why we have not had a chance to act on this bill yet. I felt that this was an important point so last week, I had placed in the RECORD a list of the 196 projects awaiting our action before this committee, projects which I think will not be acted on by this administration, based upon the way things now look.

Mr. Chairman, I want to call the attention of the members of the committee to the fact that this does involve project in 43 States. In the State of Arizona we have three. I think the record should show—and I hope the members of the committee will bear with me while I read these into the RECORD—a list of the breakdown:

Arkansas has 3, California 17, Connecticut 4, Florida 13, Georgia 4, Idaho 3, Illinois 14, Indiana 1, Iowa 4—and I might say none of these are in the First Congressional District of Iowa, which I have the honor to represent—Kansas 4, Kentucky 2, Louisiana 5, Maine 5, Maryland 1, Massachusetts 7, Michigan 9, Minnesota 4, Mississippi 2, Missouri 5, Nebraska 1, New Hampshire 2, New Mexico 2, New York 8, North Carolina 6, Ohio 10, Oklahoma 5, Oregon 3, Pennsylvania 5, Rhode Island 3, Texas 15, Virginia 4, Washington 6, West Virginia 3, Wisconsin 5, Wyoming 1, and Puerto Rico has 1

Mr. Chairman, there are a number of other projects that are in the mill and on their way in which many Members of Congress have a great interest. Because this involves the expenditure of some $4 billion, at least, I think it is high time we got action on this bill first before we take up a crazy proposal like the one that is pending before us at this time.

Mr. Chairman, may I reiterate what some of my colleagues have said, by reminding the Members of the Committee again of the fact that this bill will not accomplish its stated purpose, and that is to provide immediate work for a sub-

stantial number of unemployed and underemployed persons.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. SCHWENGEL. I would be very glad to yield to the gentleman from Iowa.

Mr. JENSEN. Mr. Chairman, I have been listening with great interest to the gentleman's opposition to this bill. I wish to compliment the gentleman on the position which the gentleman is taking, which is simply, as I understand it, this: If we in this Congress are sincere in our attempt and desire to put people to work, we could take up a number of those projects which the gentleman has mentioned and which are already authorized, and which have been heard by the gentleman's committee at quite some length and which have been approved by the committee, and appropriate for a number of those worthy projects which cover many States and many districts.

Mr. SCHWENGEL. Yes.

Mr. JENSEN. Certainly that would be the proper way to legislate and it would not be a deviation from our regular procedure of legislative action. I should hope, if this bill is defeated, the committee would consider some of these projects that are greatly needed, many of them flood control projects, where life and property are at stake and where many people could be employed.

Mr. SCHWENGEL. The gentleman raises a very valid point. I think he is absolutely right. It is my hope now that we will not wait on this bill but prepare forthrightly to hear testimony in our committee on these, that I find out now are 204 resolutions for us to act on, that make a lot more sense than the provisions of this bill.

I mentioned the fact that this will not take care of the stated purpose. We have had testimony from both sides. Mr. Meany testified before our committee that this would employ some 250,000 people at most. On cross-examination we finally got him to admit that it would actually take care of only about 125,000 people, if the entire amount were spent. This is just a drop in the bucket. It is less than 3 percent of the total of unemployed and proves, I believe, the unsoundness of this approach to the solution of the problem.

I have received some letters from labor leaders from my district. I am one of the Republicans who gets a great deal of labor support in my district. I am not ashamed of that support; I am proud of that support, because we have good, sound, decent labor in our district and in the State of Iowa. So I called some of them about this and I said to the person I was talking to, "You sent me this letter and asked me to support this bill." Then I asked him a few questions about it, and I found out that he did not know anything about it. I made some observations about it, that he had not known about. And I referred to Mr. Meany's testimony. And do you know what he said? He said, "You are in Washington to represent us, so you use your better judgment."

So I will say to those Members who get these letters, remember that they are prompted by someone. It ought to be perfectly obvious that this is entirely inadequate and it is unsound. It is not the right approach. We ought to use the regular procedure the Congress has adopted and that the gentleman from Iowa who spoke just a minute ago, referred to. He has been very generous in the matter of public works projects, and helpful to them whenever the cost-benefit ratios were in line, and where it made fiscal sense. I think it would make a lot more sense for us to follow the regular procedure and to get moving on the projects that have already been approved, and which would do a lot more to relieve the problem of unemployment. I think you would be doing a lot more for the unemployment problem going this route than you can going the route that is suggested in outline in this new, revolutionary and unnecessary plan.

Mr. Chairman, I would like to call attention now to some testimony that was placed before our committee by a distinguished and a respected member of a previous administration. I should like to remind the Committee that public works construction has never been effective in achieving anticyclical results during an economic recession.

Public works programs take so long to get going that they generally do not provide much additional employment until recovery is well underway. Experience has shown that public works projects of any size require a considerable period of time for the making of surveys, economic and engineering studies, preparation of plans and specifications, acquisition of land, and the advertising for bids, all of which must be accomplished before contracts can be awarded and actual construction commenced.

Even additional time may be required for the commencement of Federal-aid projects by States and local governments, for it is necessary to establish criteria for Federal grants, receive requests for assistance, determine which projects are to be assisted, and assure that the State or local government has adequate funds to pay its share of the cost of the project.

Depending on the size, type, and existing status of projects, there may be a lapse of from several months to 2 or more years between the time that a project is financed and work is actually commenced, and the creation of new jobs will be deferred accordingly.

The only partially successful antirecession public works construction program undertaken during the postwar recessions was the expenditure of $400 million for Federal-aid highway construction authorized by the Federal-Aid Highway Act of 1958.

This act, which was approved on April 16, 1958, required contracts to be awarded prior to December 1, 1958, for completion of projects by December 1, 1959. Many of the highway improvements undertaken under this authority consisted of work which did not require extensive engineering or acquisition of rights-of-way, such as resurfacing of highways and widening of shoulders. However, even in carrying out this simple program, an average of 4 months elapsed between the time that projects were programed and contracts awarded for construction.

On January 13, 1961, Maurice H. Stans, Director of the Bureau of the Budget, transmitted to the President a staff report entitued, "Federal Fiscal Behavior During the Recession of 1957–58." In this report Mr. Stans reviewed the fiscal policies in effect and the fiscal actions taken in the 1958 recession and the results obtained therefrom.

I believe all the Members of the House ought to read this report in detail. You will find it really very helpful as you consider propositions like this.

Among the major findings of the report are that the fiscal actions of the Government which gave the biggest boost to the economy in 1958 were the built-in stabilizers, such as automatic decreases in income tax revenues and automatic increases in unemployment benefits; whereas, many of the deliberate countercyclical actions including some of the largest in terms of expenditures, made a small contribution in relation to their budget cost or were poorly timed.

Mr. Chairman, as I pointed out earlier, the unemployment relief that would come from this would affect less than 3 percent of the persons now unemployed.

The hope that it holds out would result in dismay, disillusionment, and despair and would prove again that this type of an approach is a wrong approach.

Further, it is my feeling that what we need is better public policy emanating from this administration rather than more public projects.

The bringing of business to Washington where we already have more business than we can attend to does not make sense. The abrogation of congressional responsibilities and the furthering of executive control makes us emulate a frontier that is not new and this is entirely inconsistent with the very interesting and I might say magnificent observation by an American statesman when he said "Ask not what your country can do for you but ask what you can do for your country." This is a salutary admonition; it needs to be lived and practiced and not just said. Its application will lead us to other and better answers to the problem.

Mr. GALLAGHER. Mr. Chairman, one of the pledges of this administration and of those who support it is to achieve full employment. I believe that the bill presently before the House, the public works acceleration bill, will take us another step toward realizing that goal and I urge my colleagues to give it their support.

The purpose of the public works acceleration bill is to stimulate employment in areas where a high rate of unemployment exists. The bill authorizes the appropriation of $900 million to expand employment through the construction of Federal, State, and local public works. Public works projects eligible

for Federal grants under the bill will have to be started almost immediately after the bill becomes law. Only those projects which will help reduce local unemployment and which can be substantially completed within 12 months after they receive aid will be eligible for assistance.

The bill provides Federal grants of up to 50 percent of cost to help finance such public works projects as water and sewer lines, public buildings, streets and sidewalks, and so forth. No aid will be given for luxury projects such as swimming pools. Only those projects which fill an essential public need will be eligible.

The Public Works Committee estimates that a total of 300,000 jobs would be created throughout the country as a result of this act.

Mr. Chairman, Jersey City, N.J., which forms part of the 13th Congressional District and which I have the privilege of representing in the Congress, is eligible for assistance under the terms of this act. It is an area of high unemployment where a skilled labor force is ready and waiting to make an important contribution to the economic strength and security of our country.

I would hope that anywhere from 500 to 1,000 jobs will be created in my district as a result of the projects begun there as a result of this act. Although officials in Jersey City and in the Federal agencies administering this act will have to make the final determination, such projects as the Hudson County administration building and the Jersey City hall would be eligible for assistance under the bill.

Mr. Chairman, at a time when an intolerably high rate of unemployment exists in this country and when full production and employment is of vital concern for our economic strength, we should take all reasonable steps to increase employment and production. This bill is a reasonable and helpful bill and I urge my colleagues to join me in voting for its passage.

Mr. WEAVER. Mr. Chairman, it has long been my firmly held conviction that if our Nation is to continue to grow economically so as to meet the needs of our physical, or population growth, we must work now to begin developing our total natural resources. Only with this sort of program can we hope to have that kind of substantial economic growth which will withstand the test of time and the erosion of the business cycle ups and downs.

I have held this belief all of my life. I have acted on this conviction steadfastly throughout my career. I have worked for this sort of program both in and out of the Congress. I have worked with those in the executive branch, through two administrations, in an effort to help develop this kind of program.

Along this line, on April 7 of this year I went to the White House with representatives of the National Rivers and Harbors Congress of which organization I serve as chairman of its projects committee. We conferred at some length with Mr. Henry M. Wilson, Administrative Assistant to the President and his top adviser on resource development. At that time I pointed out to him that in the Corps of Engineers alone there is a backlog of active projects totaling 217, with a total Federal participation value of nearly $4 billion. These projects have all been authorized by the Congress but none of them had at that time come under construction and it did not appear likely that any would come under construction during the current or next fiscal year.

In three States alone, Washington, Arkansas, and Montana, there is a Corps of Engineers backlog big enough to use up every cent contemplated for authorization in the bill now before us. There is a backlog of more than $900 million in those three States.

The list as supplied to me by the Corps of Engineers follows:

CORPS OF ENGINEERS, CIVIL WORKS

Construction, general authorized projects not yet under construction (active projects only), fiscal year 1963

State	Number of projects	Amount
Alabama	11	$264,488,000
Alaska	5	18,605,000
Arizona	5	19,510,000
Arkansas	11	374,211,000
California	25	243,189,000
Colorado	1	21,000,000
Connecticut	12	30,937,000
Florida	5	161,120,000
Hawaii	4	22,436,000
Idaho	3	6,016,000
Illinois	21	149,828,000
Indiana	7	171,989,000
Iowa	4	73,795,000
Kansas	8	105,846,000
Kentucky	6	90,160,000
Louisiana	1	264,000
Maryland	1	780,000
Massachusetts	13	11,897,000
Michigan	8	41,786,000
Minnesota	3	7,170,000
Mississippi	2	27,736,000
Missouri	3	149,030,000
Montana	2	329,246,000
Nebraska	3	3,042,000
Nevada	2	14,028,000
New Jersey	11	43,211,000
New Mexico	2	65,100,000
New York	17	84,872,000
Ohio	11	106,073,000
Oklahoma	4	194,700,000
Oregon	15	79,152,000
Pennsylvania	7	130,898,000
Rhode Island	4	3,249,000
South Dakota	2	7,305,000
Tennessee	2	69,550,000
Texas	11	70,095,000
Utah	2	7,635,000
Vermont	4	14,170,000
Virginia	2	4,935,000
Washington	14	305,976,000
West Virginia	1	13,500,000
Wisconsin	4	9,211,000
Total	217	3,966,547,000

Mr. Chairman, this is an indication of the national need. These projects are all fiscally sound. They would not have been authorized by the Congress were they not sound and economically feasible. Since authorization they have been reclassified by the corps in its efforts to remain current. These projects are a bare minimum need and do not include literally hundreds of other projects which the corps does not consider in the active list.

Even if we were to achieve the kind of program we need for complete utilization of our natural resources, even with this basis, there would in the future be minor readjustments of our economy. But, Mr. Chairman, these readjustments would remain minor, and we would never again in this country find ourselves facing the grim and dismal days of depression.

To determine the truth of this, one need only travel in the Western United States. There the economy is dynamic and growing. Although much of the Nation is reeling from the shock of recession, the local economic picture is bright.

The kind of resource development program which has made this possible could and should be applied to the rest of the Nation. We must develop on a sound, orderly and speedy basis those resources which are essential to this kind of growth—the water and the power, the highways and other facilities. And while we are about it we must not overlook or neglect the resources which will help our citizens to grow physically and mentally. There is a great and ever-growing need for recreational facilities. The potential is there; it must be developed. This kind of program would help in that development.

All of this must be done with logic and in an orderly fashion. We must not lose sight of our goal—resource development—and not subordinate this goal to some shorter-term benefit which may accrue. Although the origins of the current proposal were rooted in recession and this was brought to us as an anti-recession measure, the Public Works Committee of the House has whittled this away. It has become a resource development bill rather than a temporary or emergency antirecession measure.

To me, the essential objection to the original proposal was its short-term aspect. I felt that a basically rational approach—that of long-term, orderly development—was being cast aside for short-term benefits which might or might not help solve a temporary economic problem. I did not and do not feel that the Congress should abandon the ultimate objective merely to provide short-term benefits to limited areas of the country.

Mr. Chairman, I have long supported sound and orderly resource development. It has been my lifelong tenet that this makes economic sense. Every dollar invested now is simply that—an investment—in our future. This investment will return high dividends to the people of the United States and will flow back fourfold or fivefold. It is an investment, too, for the Treasury of the United States. The returns will come in the form of a broader economic base, a broader source of revenue to the Treasury.

There is an additional factor involved in this type of investment which I feel should be touched upon at least briefly.

With the techniques of modern warfare, it is not beyond the realm of possibility—as horrible as that might be—that a potential enemy could launch a devastating attack on our heavily populated coastal regions. It is not beyond concept that there could be a forced mass migration from these areas into the heartland of America so that the American heart could continue to beat.

In this awful eventuality America must be prepared to feed this moving popu-

lation—and the ultimate goal of all resource development is food.

As to the coordination feature of the present bill, this is by no means new to the people of the Midwestern United States. Nearly a generation ago this concept was accepted when the great Pick-Sloan plan was approved for the Missouri River Basin. That was and is a coordinated program for basin-wide development. Its principle is being applied here to a nationwide development.

This conviction of mine is not new. I have held these beliefs for many years. During the 8 years I have been in the Congress I have consistently voted these convictions. There has been no change, no deviation.

Back in 1959 when a similar need faced us, during the time when the previous administration was in office, the issue was brought before the House on two occasions. Twice that year the President vetoed a public works appropriation bill. On September 2 and again on the 10th of that month I was counted among my colleagues who voted to override the Presidential veto.

Such decisions are never taken lightly. There were several considerations which were taken into account.

The administration at that time was requesting additional money for more surveys, more investigations and more reports, and at the same time was refusing money to launch projects which had already been authorized and which were vitally needed throughout the country. The program then seemed to be inquire and investigate but postpone action.

A somewhat similar situation exists today. There are some 200 or more projects which have been authorized and which should be constructed. We should be starting this job now—not delaying it. This work must be started if, in the future, our natural resources are to be an asset and not a liability.

It is for these reasons and because of my own deep and long-held convictions that I shall support the bill presently before the House.

Mr. Chairman, for the information of my colleagues who may be interested, I have a list compiled by the Corps of Engineers of those projects which have been authorized but not built, and are still considered by the Corps to be on their "active" list. The compilation by States follows:

SCHEDULE A

Corps of Engineers, civil works, construction, general authorized projects not yet under construction (active projects only), fiscal year 1963

[Amounts in thousands of dollars]

ALABAMA

Navigation projects, channels and harbors

Alabama River channel improvement, Clark, Monroe, and Baldwin Counties	1,700
Mobile Harbor, Mobile County, 40-foot channel and turning basin	3,056
Completed work	3,544

Locks and dams

Claiborne lock and dam, Alabama River, Clark and Monroe Counties	20,200
Montgomery to Gadsden-Coosa River Channel, 6 locks	132,300

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

ALABAMA

Flood control projects, local protection

Montgomery, Montgomery County, Alabama River, concrete wall and levee	1,432
Jones Bluff lock and dam, Alabama River, Autauga, and Lowndes Counties, lock, dam, and power facilities	52,600
Millers Ferry lock and dam, Alabama River, Wilcox County lock, dam, and power facilities	53,200
Total, Alabama	264,488

ALASKA

Navigation projects, channels and harbors

Anchorage Harbor deepwater harbor, 1958 act:	
Dredging	410
Dredging and jetties	4,770
Sitka Harbor small-boat harbors:	
Crescent Bay Basin	910
Forest service basin	65

Flood control projects, local protection

Fairbanks, Chena River, levee diversion channel	11,400
Skagway, Skagway River, dikes and breakwater	1,050
Total Alaska	18,605

ARIZONA

Flood control projects, local protection

Gila and Salt Rivers, Maricopa County, levee and floodway, 1960 act	3,380
Tucson diversion channel, Pima County, Gila River Basin channel improvement	4,830

Reservoirs

Alamo Reservoir, Mojave and Yuma Counties Bill Williams River, Colorado River Basin, concrete dam	11,300
Total, Arizona	19,510

ARKANSAS

Locks and dams

Arkansas River and tributaries, Arkansas and Oklahoma:	
Navigation locks and dams	449,000
Snagging and plant	11,300
Ouachita and Black Rivers, Ark. and La.; Polk, Union, Ashley, Bradley, Calhoun, and Ouachita Counties, Ark.; Catahoula, Cowcordia, Caldwell, Ouachita, Union, and Morehouse Parishes, La.; 9-foot channel and locks and dams, 1960 act	45,500
Ozark lock and dam, Crawford, Franklin, and Sebastian Counties, Ark.; river basin navigation lock, earth fill, and concrete dam with provision for future power	36,300

Flood control projects, local protection

Holla Bend Bottom, Pope County, Arkansas River levee and drainage facilities	370
Maniece Bayou, upstream extension, Lafayette County, channel improvement and drainage, 1960 act	673
McKinney Bayou, Ark. and Tex., upstream extension, Miller County, channel improvement levee and drainage facilities, 1960 act	351

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

ARKANSAS

Flood control projects, local protection

Village Creek, White River, and Mayberry levee districts plan I, Jackson, Lawrence, and Randolph Counties, channel improvements, pumping plant, 1960 act	353

Reservoirs

De Queen Reservoir, Rolling Fork, Sevier County, earth and rock filled dam with uncontrolled spillway	9,510
Dierks Reservoir, Saline River, Howard and Sevier Counties, earth and rock filled dam with uncontrolled spillway	8,530
Gillham Reservoir, Cossatot River, Howard and Polk Counties, earth and rock filled dam with uncontrolled spillway	13,400
Total, Arkansas	575,287

CALIFORNIA

Navigation projects, channels and harbors

Los Angeles and Long Beach Harbors, Los Angeles County:	
35-foot depth in east basin	468
Reimbursement portion completed work	498
35-foot depth in west basin, 1960 act	1,790
Monterey Harbor, Monterey County breakwater and extension of existing breakwater, 1960 act	4,690
Newport Bay Harbor, Orange County, dredging	1,015
Noyo River and Harbor, Mendocino County, 10-foot channel and mooring basin, 1960 act	446
Redwood City Harbor, San Mateo County, channel extension and second turning basin	650
Sacramento River, Yolo and Solano Counties, shallow draft channel, Sacramento to Chico Landing	460
Completed work	397
San Diego Harbor, area M, San Diego County, dredging	437
San Francisco Harbor and Bay, San Francisco, Alameda, Marin, Contra Costa, and San Mateo Counties, construct drift removal plant	1,080

Beach erosion control projects

Carpinteria to Point Mugu, Ventura County, groins	72
Doheny Beach State Park, Orange County, protective beach and groin, 1960 act	258
Humboldt Bay, Ruhne Point, Humboldt County, groin and seawall, Ruhne spit	58
Point Mugu to San Pedro, breakwater, Los Angeles County, groins, dredging	4,760
Santa Cruz County, seawalls, groins	770
Surfside, Anaheim, Bay Harbor, Orange County, sand feeder beach	179

Flood control projects, local protection

Bear Creek, San Joaquin County, levee and channel improvement vicinity of Lockeford	2,790
Sacramento River, bank protection, north central California, within limits of existing levee system, bank erosion control works and setback levees, 1960 act	15,100
Sacramento River, Chico landing to Red Bluff, channel improvement and levees	1,990

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

CALIFORNIA

Flood control projects, local protection

Tahchevah Creek, Riverside County, detention reservoir, outlet channel, and conduit, 1960 act	1,110
Walnut Creek Basin, Contra Costa County, channel improvement and levees, 1960 act	20,800

Reservoirs

Merced River, reservoirs, Mariposa County, to be planned and constructed by local interests, 1960 act	12,000
Mokelumne River, reservoirs, Amador and Calaveras Counties, to be planned and constructed by local interests, 1960 act	11,031
New Melones Reservoir, Stanislaus River, Calaveras County, for flood control, irrigation, water conservation, concrete dam, cost is for project with power not yet authorized	88,000
Oroville Reservoir, Feather River, Butte County, for multiple purposes, to be planned and constructed by local interests, concrete dam	66,375
Tuolumne River, reservoirs, exclusive of Cherry Valley Reservoir, Tuolumne County, for multiple purposes, to be planned and constructed by local interests	3,170
West Fork Reservoir, San Bernardino County, Mojave River Basin, concrete gravity dam, 1960 act	3,690
Total, California	243,189

COLORADO

Flood control projects, reservoirs

Trinidad Reservoir, Las Animas County, Purgatoire River, Colo., earthfill dam	21,000
Total, Colorado	21,000

CONNECTICUT

Navigation projects, channels and harbors

Bridgeport Harbor, Fairfield County:	
Channels and breakwater, 1958 act:	
Black Rock Harbor	510
Johnsons River	58
Connecticut River below Hartford, Middlesex and New London Counties North Cove at Old Saybrook	674
Milford Harbor, New Haven County, East Basin dredge to 8 feet, 1902 act	76

Beach erosion control projects

Cummings Park, Stamford and Fairfield Counties, jetty and sandfill	28
Greenwich Point, Greenwich and Fairfield Counties, sandfill	81

Flood control projects, local protection

Stamford and Fairfield Counties, hurricane barrier dike and floodwall and pumping plant, 1960 act	3,080

Reservoirs

Black Rock Reservoir, Litchfield County, Naugatuck River, earthfill dam, 1960 act	3,550
Colebrook River Reservoir, Litchfield County, Farmington River, earth and rock-fill dam, 1960 act	11,300

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

CONNECTICUT

Reservoir

Hancock Brook Reservoir, Litchfield County, Naugatuck River, rockfill dam, 1960 act	2,520
Hop Brook Reservoir, New Haven County Naugatuck River, earthfill dam, 1960 act	2,600
Northfield Brook Reservoir, Litchfield County, Naugatuck River, earth-fill dam, 1960 act	1,620
Sucker Brook Reservoir, Litchfield County, Farmington River, earthfill dam, 1960 act	780
West Thompson Reservoir, Windham County, Quinebaug River, earth-fill dam, 1960 act	4,060
Total, Connecticut	30,937

FLORIDA

Navigation projects, channels and harbors

Apalachicola River, Franklin, Liberty, Gadsden, Jackson, Calhoun, Gulf Counties	3,500
Completed work	1,257
Bakers Haulover inlet, Dade County Miami, Reconstruct Jetties and 11- and 8-foot channels and anchorage basin, 1960 act	263
Miami Harbor, Dade County:	
Channel widening, Miami River	187
Enlarge existing channel and turning basin and dredge new turning basin, 1960 act	4,050
Palm Beach Harbor, Palm Beach County, 35-foot entrance channel 33-foot inner channel, and turning basin, 1960 act	5,120

Locks and dams

Cross Florida barge canal, Putnam, Marion, and Levy Counties	168,000
Total, Florida	181,120

HAWAII

Navigation projects, channels and harbors

Hilo Harbor, island of Hawaii breakwaters and dikes	21,200

Beach erosion control projects

Hanapepe Bay, island of Kauai, seawall	29
Waimfa Beach, island of Kauai, seawall	9

Flood control projects, local protection

Wailoa Stream, island of Hawaii channel improvement	1,200
Total, Hawaii	22,438

IDAHO

Flood control projects, local protection

Columbia River, local protection, Idaho, Montana, Oregon, and Washington:	
Boise Valley, Boise River, Canyon and Ada Counties, levees revetment and channel improvement	1,110
Heise-Roberts extension, Snake River, Madison and Jefferson Counties, channel improvement, levee, and bank protection	1,740
Weiser River, Washington and Adams Counties, channel improvement, levees and bank protection	595

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

IDAHO

Multiple-purpose projects including power

Bruces Eddy Reservoir, Clearwater County, North Fork, Clearwater River, cost for planning only, construction not authorized	2,571
Total, Idaho	6,016

ILLINOIS

Navigation projects, channels and harbors

Calumet Harbor and River, Ill. and Ind., Cook County, Ill., and Lake County, Ind., breakwater closure and 28-foot approach channel	1,170

Lock and dams

Illinois waterway:	
New locks and dams at Peoria and La Grange, 300-foot-wide channel below Lockport, mooring piers and dredging, north central, Illinois	1,420
Completed work	9,280
Calumet-Sag Channel, Cook County, Ill., and Lake County, Ind., parts II and III	60,200
Mississippi River between the Missouri River, Minneapolis, Minn., Illinois, Iowa, Minnesota, Missouri, Wisconsin: 9-foot channel, locks, dams, and dredging	19,479
Completed work	153,961

Beach erosion control projects

Chicago, Cook County, piers, groins, bulkheads, and beach replenishment	1,320
Lake Bluff, Lake County, groins, beach replenishment	23
Lake Forest, Lake County, groins	19
Winnetka, Cook County, groins	10

Flood control projects, local protection

Bonpas Creek Channel, Edwards and Wabash Counties, channel improvement	667
Campbells Island, Rock Island County Mississippi River levee and pumping plant	512
England Pond Levee, Lawrence County, levee and embankment enlargement	742
Henderson County Drainage District No. 1, Mississippi River levee improvement	1,260
Henderson County Drainage District No. 2, Mississippii River levee improvement	930
Henderson River, Henderson County, Cedar Creek improvement unit channel work	930
Indian Grave Drainage District, Adams County, Mississippi River levee improvement	5,700
Levee Unit 2, Little Wabash River, Wayne County, earth levee and bridge alterations	1,840
Levee units 3 and 4, Wabash River, White County, Ill., Posey County, Ind., earth levee	8,890
Little Calumet River, Cook County, Ill., channel enlargement	751
Lower Rock River levees, Rock Island, Whiteside, Henry Counties, levee work, 1958 act	8,530
New Harmony Bridge, Ill. and Ind., White County, Ill., and Posey County, Inc., bank protection	365
Completed work	298
Rochester and McClearys Bluff levee, Wabash County, earth levee setback and enlargement	1,140

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

ILLINOIS

Flood control projects, local protection

Sny Island and levee drainage district, Pike, Adams, and Calhoun Counties, Mississippi River levee improvement	8,900
South Quincy Drainage and Levee District, Adams County, Mississippi River levee improvement	1,160
Tri Pond Lee, Crawford County, earth levee setback	1,210

Reservoirs

Shelbyville Reservoir, Shelby, Moultrie and Coles Counties, earth dam	20,900
Total, Illinois	149,828

Indiana navigation projects, channels and harbors

Indiana Harbor Lake County:	
Deepen outer and inner harbor and widen and deepen Lake George branch	198
Completed work	445
Breakwater dredging and widen and deepen main channel and Calumet River branch	1,124
Completed work	1,216

Locks and dams

Newburgh locks and dam, Indiana and Kentucky, Ohio River, Warwick County, Ind., Henderson County, Ky	58,400
Uniontown locks and dam, Indiana and Kentucky, Ohio River, Posey County, Ind., and Union County, Ky., two locks and dam	59,200

Flood control projects, local protection

Brevoort levee, Knox County, levee enlargement pump plant, and railroad modification	1,194
Completed work	1,236
Island levee, Indiana and Illinois Sullivan County, Ind., and Crawford County, Ill., levee enlargement	1,720
Levee unit 5, Wabash River, Posey and Gibson Counties, levee and bridge alterations	11,300
Levee unit 17, Wabash River, Gibson County, levee and drainage structures	853

Reservoirs

Brookville Reservoir, Franklin and Union Counties, earth dam	21,800
Huntington Reservoir, Huntington County, earth dam	16,200
Total, Indiana	171,989

IOWA

Flood control projects, local protection

Des Moines, Polk County, Des Moines and Raccoon River Levees and Floodwalls	975

Reservoirs

Coralville Reservoir, Johnson County, Mehaffey Highway Bridge, 1960 act	1,320
Rathbun Reservoir, Appanoose County, Earth Dam	22,000
Saylorville Reservoir, Polk, Dallas, and Boone Counties, Des Moines River, Earth Dam and Remedial Works	49,500
Total, Iowa	73,795

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

KANSAS

Flood control projects, local protection

Lawrence, Douglas County Levees	3,520
Marysville, Marshall County, Levees	756
Osawatomie, Miami County, Levees	1,170

Reservoirs

Garnett Reservoir, Anderson County, Earth Dam	18,800
Hillsdale Reservoir, Miami County, Earth Dam	10,200
Marion Reservoir Grand Neosho River, Marion County, Earth-Fill Dam with Concrete Spillway	11,700
Melvern Reservoir, Osage County, Earth Dam	21,700
Perry Reservoir, Jefferson County, Earth Dam	38,000
Total, Kansas	105,846

KENTUCKY

Flood control projects, local protection

Corbin, Lynn, Camp Creek, Whitley, Knox, and Laurel Counties, Laurel River channel improvement, 1960 act	720

Reservoirs

Cave Run Reservoir, Bath, Rowan, Morgan, Menifee Counties, earth dam	18,900
Grayson Dam and Reservoir, Carter and Elliott Counties, Little Sandy River, dam and reservoir	14,000
Green River Reservoir, Green, Taylor, and Adair Counties, concrete dam	9,540

Multiple-purposes projects including power

Bonneville Reservoir, Owsley, and Clay Counties, multiple purpose with power earth dam	23,500
Laurel River Reservoir, Laurel and Whitley Counties, multiple purpose with power rock fill dam, 1960 act	23,500
Total, Kentucky	90,160

LOUISIANA

Flood control projects, local protection

East Point levees, Red River Parish levees, 1960 act	264
Total, Louisiana	264

MARYLAND

Navigation projects, channels and harbors

Pocomoke River, Somerset County, 11-foot channel and dike	780
Total, Maryland	780

MASSACHUSETTS

Navigation project, channels and harbors

Provincetown Harbor Barnstable County, breakwater	2,105

Beach erosion control projects

Brant Rock, Plymouth County, beach replacement and raise jetty, 1960 act	55
Lynn-Nahant Beach, Essex County, beach replenishment and stone mound	220
North Scituate, Plymouth County, beach replacement, 1960 act	59

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

MASSACHUSETTS

Beach erosion control projects

Plymouth town beach, Plymouth County, beach replacement, groins, and seawall, 1960 act	43
Provincetown beach, Barnstable County, beach replacement, groins and seawall, 1960 act	108
Revere beach, Suffolk County, beach replenishment	261
Completed work	78
Thumpertown beach, Barnstable County, beach replacement and construct groin, 1960 act	24
Town Neck beach, Barnstable County, beach replacement and raise existing jetty	74
Wessagussett beach, Norfolk County, widen beach and construct groins and walls, 1960 act	116
Winthrop beach, Suffolk County, beach replenishment, seawall and groins	38
Completed work	181 B

Flood control projects, local protection

Chicopee Falls, Hampden County, Chicopee River, channel improvement levees and floodwalls, 1960 act	1,880
Three Rivers, Hampden County, Chicopee River, channel improvement and removal of existing dam and powerhouse, 1960 act	1,270
Westfield, Hampden County, Westfield River, levees, floodwalls, and pumping plants, 1960 act	3,264

Reservoirs

Conant Brook Dam and Reservoir, Hampden County, Chicopee River, earth and rock-fill dam, 1960 act	2,080
Total, Massachusetts	11,597

MICHIGAN

Navigation projects, channels and harbors

Detroit River:	
Channel north of Belle Isle, Wayne County	380
Enlarge Trenton Channel to 21 feet, Wayne County	2,730
Menominee Harbor, Menominee County 26-foot and 24-foot channels, enlarge turning basin, 1960 act	807
Point Lookout Harbor, Arenac County, breakwaters and dredging	1,660

Beach erosion control project

St. Joseph shore, Berrien County	389

Flood control projects, local protection

Kalamazoo, Kalamazoo River, channel improvement	7,120
Lansing, Grand River, Inghan County, channel improvement	12,500
Saginaw River, Saginaw, Genesee and Shiawassee Counties, protective works	16,200
Total, Michigan	41,786

MINNESOTA

Navigation projects, channels and harbors

Duluth-Superior Harbor, St. Louis County, Minn., and Douglas County, Wis.: Inner harbor, 27-foot and 23-foot channels, 1960 act	2,690

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

MINNESOTA

Flood control projects, local protection

Mankato and North Mankato, Blue Earth County, Minnesota River channel, levees, and floodwalls	2,390
Winona, Winona County, Mississippi River levees	2,090
Total, Minnesota	7,170

MISSISSIPPI

Flood control projects, local protection

Jackson and East Jackson, Pearl River and tributaries, Hines and Rankin Counties, Jackson, Miss., levees, channel improvement and pumping plants, 1960 act	3,636
Tombigbee River and tributaries, northeast Mississippi and northwest Alabama, snagging and clearing channel enlargement	24,100
Total, Mississippi	27,736

MISSOURI

Flood control, local protection

South River Drainage District, Marion County, Mississippi and South Rivers levee improvement	2,030

Reservoirs

Kaysinger Bluff Reservoir, Benton County, earth dam	104,000

Multiple purpose projects including power

Stockton Reservoir, Cedar County, multiple purpose with power earth dam	43,000
Total, Missouri	149,030

MONTANA

Flood control projects, local protection

Clark Fork at Missoula, Missoula County, levees, floodwalls, and drainage facilities	244

Multiple purpose projects including power

Libby Reservoir, Kootenai River, Lincoln County, multiple purpose with power concrete dam	325,000
Total, Montana	325,244

NEBRASKA

Flood control projects, local protection

Pierce, Pierce County, levee and channel improvement	288
Shell Creek and tributaries, Colfax, Plate, and Madison Counties, levee and channel improvement	2,540
Westpoint, Cuming County, levee, 1950 act	214
Total, Nebraska	3,042

NEVADA

Flood control projects, local protection

Gleason Creek, White Pine County, small reservoir near Keystone, 1960 act	558
Las Vegas Wash and tributaries, Clark County, northwest side of Lake Meade Diversion Levee, detension basin channel improvement, 1960 act	13,500
Total, Nevada	14,058

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

NEW JERSEY

Navigation projects, channels and harbors

Delaware River, Philadelphia to sea, Philadelphia County, Pa., and Camden County, N.J., anchorages at Reedy Point, Deepwater Point, and enlarging Marcus Hook and Mantua Creek anchorages	28,100

Beach erosion control projects

Asbury Park to Manasquan, Monmouth County, beach replenishment	3,670
Barnegat Light, Ocean County, revetments, groins, and beach restoration, 1960 act	130
Cape May City, Cape May County, beach restoration and groins, 1960 act	663
Long Beach Island, Ocean County, groins and beach restoration, 1960 act	1,896
North Wildwood, Cape May County, beach restoration, 1960 act	80
Ocean City, Cape May County, beach restoration and extension of groins, 1960 act	1,147
Point Pleasant Beach to Seaside Park, Monmouth and Ocean Counties, beach replenishment	1,710
Sea Bright to Ocean Township, Monmouth County, groins and beach replenishment	5,400
Stone Harbor, Cape May County, beach restoration, 1960 act	206
Ventnor, Margate, and Long Port, Atlantic County, beach restoration, 1960 act	209
Total, New Jersey	43,211

NEW MEXICO

Flood control projects, reservoirs

Cochit Reservoir, Sandoval County, 50 miles above Albuquerque on the Rio Grande, earthfill dam, 1960 act	48,400
Galisteo Reservoir, Santa Fe County, on Galisteo Creek 4 miles above its confluence with the Rio Grande, earth fill dam, 1960 act	16,700
Total, New Mexico	65,100

NEW YORK

Navigation projects, channels and harbors

Buffalo Harbor, Erie County, extension of south breakwater and deepen outer harbor, 1935 act	686
Completed work	2,974
East Chester Creek, Bronx and Westchester Counties, 10-foot channel and check dam	725
Lake Montauk Harbor, Suffolk County, 12-foot channel basin and jetties	650
Moriches Inlet, Suffolk County, jetties and 6- and 10-foot channel, 1960 act	3,355
Oswego Harbor, Oswego County, deepen west outer harbor to 22-feet, 1940 act	2,057
Completed work	913
Shinnecock Inlet, Suffolk County, jetties and 6- and 10-feet channel, 1960 act	3,551

Beach erosion control projects

Fair Haven Beach State Park, Cayuga County, groins, jetties, beach replenishment	148
Hamlin Beach State Park, Monroe County, groins and beach replenishment	520

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

NEW YORK

Flood control projects, local protection

Fire Island Inlet to Montauk Point, Suffolk County, beach replenishment, drainage structure, and groins, 1960 act	19,700
Ithaca, Cayuga Inlet, Tioga County, channels and levees, 1960 act	4,360
Lackawanna Smokes Creek, Erie County, channel rectification, 1960 act	2,330
Lake Chautauqua and Chadakoin River, Chautauqua County, channel improvement, diversion channel, and outlet works	6,270
Nichols, North Branch Susquehanna River, Tioga County, levees	1,110
Rome, Mohawk River, Oneida County, levees	400
South Amsterdam, Mohawk River, Montgomery County, levees	1,760

Reservoirs

Davenport Center Reservoir, Delaware County, Charlotte Creek, earth dam	10,700
Genegantslet Reservoir, Chenango County, Genegantslet Creek, earth dam	7,380
South Plymouth Reservoir, Chenango County, Canasawacta Creek, earth dam	7,570
West Oneonta Reservoir, Otsego County, Otego Creek, earth dam	11,600
Total, New York	84,872

OHIO

Navigation projects, channels and harbors

Cleveland Harbor: bridge replace-Old River, and deepening channel in east basin and outer harbor, 1958 act	17,900
Conneaut Harbor, Ashtabula County:	
Channels, breakwaters, and deepen outer harbor to 20 feet, 1917 act	887
Completed work	97
Channels, breakwaters, and deepen outer harbor to 25 feet, 1935 act	1,548
Completed work	2,192
Fairport Harbor, Lake County, 27–29-foot channels and turning basin, 1960 act	3,030

Locks and dams

Hannibal locks and dam, Ohio River, Monroe and Belmont Counties, Ohio, and Welzel, Marshall, and Ohio Counties, W. Va., locks and nonnavigable dam	56,700
Racine locks and dam, Ohio and W. Va	76,800
Willow Island lock and dam, Ohio and W. Va	66,400

Flood control projects, local protection

Reno Beach-Howard Farms, Lucas County, construct levees	728

Reservoirs

Big Darby Creek Reservoir, Franklin County, earth dam	24,500
Caesar Creek Reservoir, Warren and Clinton Counties, earth dam	8,580
Deer Creek Reservoir, Pickaway County, concrete dam	16,200
East Fork Reservoir, Clermont County, earth dam	13,000
Paint Creek Reservoir, Highland and Ross Counties, concrete dam	19,800
Total, Ohio	306,073

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

OKLAHOMA

Locks and dams

Webbers Falls lock and dam, Muskogee and Wagoner Counties, Arkansas River, basin earth-fill dam with concrete spillway, navigation lock and provisions for future power	60,400

Flood control projects, reservoirs

Lukfata Reservoir, Glover Creek, McCurtain County, earth and rock filled dam with uncontrolled spillway	12,100
Pine Creek Reservoir, Little River, McCurtain and Pushmataha Counties, earth filled dam with controlled spillway	21,200

Multiple purpose projects, including power

Short Mountain lock and dam, Sequoyah, Leelore, Haskell, and Muskogee Counties, Arkansas River Basin, earth-fill dam with concrete spillway, power facilities, and navigation lock	101,000
Total, Oklahoma	194,700

OREGON

Navigation projects, channels and harbors

Columbia River at the mouth, Clatsop County, Oreg., and Pacific County, Wash., 48-foot channel and jetty	8,331
Completed work	2,519
Columbia slough, Multnomah County, 10-foot channel and basin	1,290
Coos and Millicoma Rivers, Coos County, 5-foot channel	546
Siuslaw River and Bar, Lane County, entrance channel, jetties, 1958 act	2,020
Willamette River above Portland and Yamhill River, Clackamas, Marion, Linn, Benton, Polk and Yamhill Counties, 6-foot channel, Oregon City to Santiam River, 5-foot to Albany, 2½-foot to Cornvallis	2,420
Yaquina Bay and Harbor, Lincoln County, channel improvement and jetties, 1958 act	23,600

Locks and dams

Williamette River at Williamette Falls, Clackamas County, single lift lock and guard lock	10,900

Flood control projects, local protection

Columbia River local protection, Idaho, Montana, Oregon, and Washington: John Day River, Grant and Wheeler Counties, channel improvement and levees	405
Lower Columbia River, improvement to existing works, Oregon and Washington:	
Clatskanie Drainage District, Columbia County, levee strengthening	177
Peninsula Drainage District No. 1, Multnomah County, levee strengthening	1,310
Scappoose Drainage District, Columbia County, levee strengthening	909
Pilot Rock Birch Creek, Umatilla County, levees and channel improvement	349
Williamette River Basin, channel improvement and major drainage:	
Bear Creek, Lane County	285
Shelton Ditch, Marion County	1,800
West Muddy and Marys River, Benton County	2,960

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

OREGON

Reservoirs

Blue River Reservoir, Lane County, Blue River, earth dam	21,800
Total, Oregon	79,152

PENNSYLVANIA

Navigation projects, channels and harbors

Erie Harbor, Erie County, deepen approach channel to easterly docks, 1935 act	45
Completed work	525B

Locks and dams

Dam 4, Monongahela River, Washington and Westmoreland Counties, gated crest nonnavigable dam	10,000

Flood control projects, local protection

Elkland, North Branch, Susquehanna River, Tioga County, levees	1,670
Latrobe Westmoreland County, channel enlargement and realinement, 1960 act	2,983
Tyrone, Blair County, Little Juniata River, levees	11,100

Reservoirs

Blanchard Reservoir, Centre County, Bald Eagle Creek, earth dam	22,900
Cowanesque Reservoir, North Branch, Susquehanna River, Tioga County, earth dams	28,600
Tioga-Hammond Reservoir, North Branch, Susquehanna River, Tioga County, earth dams	53,600
Total, Pennsylvania	130,898

RHODE ISLAND

Beach erosion control projects

Matunuck Beach, Washington County, beach restoration, sand fence, and groins, 1960 act	99
Misquamicut Beach, Washington County, sand fences and beach restoration, 1960 act	20
Narragansett Pier, Washington County, beach replenishment and groins	120

Flood control projects, local protection

Lower Woonsocket, Providence County, Blackstone River, basin channel improvement below South Main Street Bridge, 1960 act	3,010
Total, Rhode Island	3,249

SOUTH DAKOTA

Flood control projects, local protection

Belle Fourche, Redwater River and Hay Creek, Butte County, levees, channel, 1960 act	375
Vermillion River, Clay County, levee	6,930
Total, South Dakota	7,305

TENNESSEE

Multiple purpose, including power

Cordell Hull Dam, Carthage, Cumberland River, Smith, Jackson, and Clay Counties, multiple purpose with power, concrete and earth dam	39,900

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

TENNESSEE

Multiple purpose, including power

J. Percy Priest, Davidson, Rutherford, Wilson Counties, multiple purpose with power, concrete and earth dam	29,650
Total, Tennessee	69,550

TEXAS

Navigation projects, channels and harbors

Brazos Island Harbor, Cameron County, widen upper channel, enlarge fishing harbor and extend north jetty channel improvement, 1960 act	4,540
Galveston harbor and channel, Galveston County:	
36- and 38-foot channel	1,324
Completed work	176
40- and 42-foot outer bar and jetty channel	2,840
Houston ship channel, Harris County: deepening channel to 40 feet and turning basin, 1958 act, phase II	9,790
Port Aransas-Corpus Christi waterway, Nueces County:	
Deepening existing project to 40 and 42 feet	5,400
40-foot channel extension from Tule Lake to Viola and including turning basin, phase II	282
Texas City channel, Galveston County:	
Turning basin extension, 34 and 36 feet	495
40-foot channel and barge canal, 1960 act	1,680

Flood control projects, local protection

Big Fossil Creek, Tarrant County, easterly outskirts of Fort Worth, channel work	1,970
Blieders Creek Reservoir, New Braunfels, Comal County, earth dam and reservoir for local protection	1,230
Eastland, Eastland County, Leon River, channel improvement	325
Fort Worth floodway, upstream extension; Tarrant County, levee and channel work, 1960 act	2,369

Reservoirs

Bardwell Reservoir, Ellis County, Waxahachie Creek, earth dam	9,120
Gonzales Reservoir, Gonzales County, San Marcos River, earth dam	20,800

Multiple-purpose projects including power

Denison Reservoir, Lake Texoma, Grayson and Cook Counties, Tex., and Marshall, Johnson and Love Counties, Okla., additional power unit installation, unit No. 3	7,930
Total, Texas	70,095

UTAH

Flood control project, local protection

Little Dell Reservoir, Salt Lake County, Jordan River, 8,000 acre-foot reservoir for flood control and water supply, 1960 act	6,850
Weber River, Davis, Morgan, and Weber Counties, from town of Morgan to city of Ogden, channel improvement and levees	785
Total, Utah	7,635

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

VERMONT

Flood control projects, local protection

Rutland, Rutland County, Otter Creek, channel improvement	3,770
Waterbury, Washington County, Winooski River, channel improvement	4,600

Reservoirs

Island Reservoir, Windham and Windsor Counties, Connecticut River Basin, earth dam	4,900
Victory reservoir, Essex County, Connecticut River Basin, earth dam	1,900
Total, Vermont	15,170

VIRGINIA

Navigation projects, channels and harbors

Hull Creek, Northumberland County, 6-foot channel and jetties	335

Flood control projects, reservoirs

North Fork of Pound Reservoir, Wise County, on North Fork of Pound River, rock fill dam	4,600
Total, Virginia	4,935

WASHINGTON

Navigation projects, channels and harbors

Port Townsend, Jefferson County, breakwater and mooring basin	750

Flood control projects, local protection

Columbia River local protection, Idaho, Montana, Oregon, and Washington: Palouse River, Whitman County, levees and channel improvement	720
Dayton, Touchet River, Columbia County, levees, bank protection and channel improvement	309
Lower Columbia River, improvement to existing work, Oregon and Washington:	
Cowlitz County consolidated diking district, No. 2, Cowlitz County, levee strengthening	1,420
Cowlitz County diking district No. 15, Cowlitz County, levee strengthening	239
Wahkiakum County consolidated diking district No. 1, Wahkiakum County, levee strengthening	1,390
Wahkiakum County diking district No. 4, Wahkiakum County, levee strengthening	422
Lower Columbia River, levees at new locations:	
Kalama River, south area, Cowlitz County, levees	902
Vancouver, lake area, Clark County, levees	4,140
Washougal area, Clark County, levees	1,660
Pullman, Palouse River, Whitman County, channel improvement with levees, floodwalls, and revetment	2,100
Sammamish River, King County, channel improvement, levees	1,924

Multiple-purpose projects including power

Little Goose lock and dam, Snake River, Whitman, Columbia, and Garfield Counties, dam, reservoir, and relocation of roads and railroads	144,000

Corps of Engineers, civil works, etc.—Con.

[Amounts in thousands of dollars]

WASHINGTON

Multiple-purpose projects including power

Lower Granite lock and dam, Snake River, Garfield, Whitman, and Asotin Counties, dam, reservoir, and relocation of roads and railroads	147,000
Total, Washington	306,976

WEST VIRGINIA

Flood controls projects, reservoirs

East Lynn Reservoir, Wayne County, earth dam	13,500
Total, West Virginia	13,500

WISCONSIN

Channels and harbors

Saxon Harbor, Iron County, breakwaters, pier removal, and dredging	535

Beach erosion control projects

Manitowoc County, stone revetment	63

Flood control projects, local protection

Eau Galle River, Spring Valley, Pierce County, reservoir and channel improvement	8,250
Odanah, Ashland County and Bad River, moving village and levee	363
Total, Wisconsin	9,211

Active schedule A grand total, all projects, $3,966,547.

Mrs. DWYER. Mr. Chairman, in this period of continuing high levels of unemployment and underemployment, I would support any legislation which promised to provide an effective means of meeting these serious problems, of stimulating economic expansion, the growth of industry and commerce, and of helping people find the jobs they need.

Unfortunately, the pending legislation, the public works acceleration bill, will not in my judgment help accomplish these objectives. On the contrary, it would tend to disrupt the orderly and effective programing of pulbic works projects by existing agencies of the Federal Government by creating a parallel Government organization which could only duplicate work which is already being done.

On the basis of our experience with postwar economic recessions, most economists seem to agree that large-scale emergency public works programs do not contribute significantly to the desired recovery, especially over a relatively short period of time. Income tax reductions and the provision of extended unemployment compensation have a much more immediate and salutary effect on the economy.

Consequently, if the President is correct in taking the position that the present state of the national economy does not justify an immediate tax cut, then it is difficult to understand how one can justify proposing an even more uncertain and questionable remedy, that of public works acceleration. On the other hand, the President has proposed an extensive revision of the tax laws, including a tax cut, for early next year with the objective in mind, among others, of encouraging an expansion of business activity. If the tax cuts to be proposed are the right kind, they should be substantially more effective than the pending bill in putting people to work in 1963.

Even if one accepts the premise that the acceleration of public works projects would have a beneficial effect on the economy, the present bill would not be necessary. It would, in fact, not only be superfluous but would actually delay the beginning of work on the projects. By establishing a new agency in the public works field, the bill would require the duplication of programing and other administrative activities and would cause a further delay in the time it would take to organize the agency. Moreover, the bill provides that the funds it would authorize would still have to be appropriated and could be spent only on projects already authorized by Congress or covered by existing Federal programs. The quickest way to obtain the desired impact on the economy—again, assuming the merit of such a program—would be to request supplemental appropriations from Congress for such existing agencies as the Corps of Engineers, the Bureau of Reclamation, the Bureau of Public Roads, the Department of Health, Education, and Welfare, the Housing and Home Finance Agency and others which have public works responsibilities and which operate public works programs.

A careful reading of the bill and the committee report, however, raises the question whether proponents of the bill, in their anxiety to increase public spending, are not in fact threatening a serious dislocation of the fundamental basis of Federal grant and loan programs. Over the years, Congress has carefully devised specific formulas under which grant and/or loan assistance is made available to State and local public bodies for a variety of special public purposes. Each formula is related to a particular purpose and a particular set of economic circumstances. Some provide for loans, some for combinations of loans and grants, some for grants at varying levels below 50 percent of the project cost. For purposes of public works acceleration, however, this system would be scrapped, and eligible projects could be financed under the bill with 50 percent Federal grants, regardless of the original formula or limitation of the particular program.

In effect, then, for every Federal-aid program now in existence, of a public works nature, which provides for loans or for grants of less than 50 percent of the total cost of the project, a brand-new Federal-grant program would be created. The new program would function side by side with the old one, competing for applications from interested communities, and creating all kinds of new and disturbing problems.

Who, for instance, would determine which community, in the face of limited funds, would get a 50 percent Federal

grant and which would get a repayable loan, even though the projects were the same and each was located in an eligible area? Certainly, the criteria in the bill do not appear to be adequate enough to support an objective decision, and in the absence of such criteria the way is opened for discrimination and political favoritism.

Again, might not this bill simply substitute Federal funds for State and local funds—just as cheap money drives out dear money—without substantially increasing the total investment in public facilities? Obviously, if a community needs and is planning to build a sewage treatment plant and is located in an eligible area, it will first seek to obtain the 50 percent grant authorized by this bill instead of the 30 percent grant for which it would be eligible under the existing Federal Water Pollution Act. Yet, would this 20 percent Federal bonus be sufficient to persuade a community to go ahead with such a public works project when it was unwilling to do so previously? I suspect that most communities which are in a position to avail themselves of the proposed Federal grants would also undertake the same projects under existing, though less liberal, Federal programs. Ironically, the communities which are hardest hit by long-term unemployment—for which such public works assistance is most needed—are least able to benefit from this bill because they are least able to raise the necessary matching funds.

In any event, Mr. Chairman, whatever we may think of the merits of this bill, we should view it before we vote in the perspective of the funds already made available by the Federal Government for similar public works projects. Just this month, the Secretary of Commerce released nearly $2 billion to the States in extra Federal-aid highway construction funds for use in the present fiscal year, 1 year in advance. This is in addition to the regular quarterly releases of nearly $1 billion in highway funds throughout fiscal 1963.

Furthermore, the Administration has available to it, as of last week, over $2.5 billion of previously authorized funds which it has not yet spent or obligated under a number of housing and public facilities programs—more than two-and-a-half times the amount it is now seeking on an emergency basis.

Under the circumstances, Mr. Chairman, I do not believe Congress would be justified in passing this bill.

Mr. CURTIS of Missouri. Mr. Chairman, I take the floor primarily to commend the Republicans on the Public Works Committee for the scholarly and thoughtful minority views they wrote to accompany H.R. 10113, the Public Works Coordination and Acceleration Act now being debated.

There is little that can be added or need be added to these minority views. The facts and logic establish beyond any reasonable question that this is poorly conceived and designed legislation. Under unanimous-consent request which I obtained in the House I am setting forth these minority views at the end of these remarks so that they will be available to anyone reading the record of this debate.

I do want to point up one important economic factor in respect to unemployment figures which have been referred to in meaningless generalities throughout the debate by those seeking to justify this poor piece of legislation. What I point up is a matter which the present administration might well take some pride in.

The crucial unemployment statistic as far as the welfare of individual human beings is concerned is the weekly average of unemployment insurance exhaustions. It is also a very meaningful statistic in measuring the trend of a recession or a recovery.

On page 110 of the Economic Indicators, August 1962, prepared for the Joint Economic Committee by the President's Council of Economic Advisers, are the statistics on unemployment insurance programs. Incidentally, it is stated just under the heading, "Insured unemployment averaged 1.7 million in July, about 1 million less than in July 1961."

Column 6 lists weekly average insured employment exhaustions:

[In thousands]

1957	23
1958	50
1959	33
1960	31
1961	46
1961:	
June	53
July	50
August	44
September	38
October	35
November	34
December	35
1962:	
January	39
February	39
March	39
April	39
May	33
June	30
July	29

From this statistic we can see that the exhaustions are now reaching recovery figures and have definitely left the recession figures in the forties and fifties. It is a shame that the New Frontier has such little faith in our great private enterprise system and feels that it must continue to tinker with it.

MINORITY VIEWS ON H.R. 10113

We are opposed to the enactment of H.R. 10113 for the following reasons:

1. The bill will not accomplish its stated purpose to provide immediate work for a substantial number of unemployed and underemployed persons.

2. The Congress should not authorize the appropriation of additional funds to construct public works for the purpose of creating jobs when unobligated balances of existing appropriations, in the billions of dollars, are available for other programs which produce employment and which are not being used by the administration.

3. A new Federal agency, called the Office of Public Works Coordination and Acceleration, would be created, which agency would serve no useful purpose that could not be better performed by existing agencies, and which may seriously encroach upon and even supersede the authority of existing Federal departments and agencies, including, among others, the Departments of Defense, Agriculture, Commerce, Interior, and Health, Education, and Welfare, the Housing and Home Finance Agency, and General Services Administration, and which may emasculate the Congress in its traditional role of determining what public works programs and projects shall be undertaken by the Federal Government and the policies relative thereto.

4. Expenditure of the $900 million authorized to be appropriated by the bill will necessitate deficit financing and will contribute to the necessity for increasing the public debt ceiling.

5. The Federal share of the cost of public works projects of State and local governments, to be paid from funds authorized to be appropriated by the bill, would increase to 50 percent when the Congress has determined under existing law that the Federal contribution is to be less than 50 percent.

6. Public works projects of municipalities, counties, and any other political subdivisions and instrumentalities of States which, under existing law are eligible for interest-bearing loans from the Community Facilities Administration will, under H.R. 10113, be eligible for Federal grants, from funds authorized to be appropriated by the bill, for 50 percent of the cost of such projects, even though the Congress may never have authorized Federal grants-in-aid for projects of the types undertaken. Also, other public works which under existing law are eligible only for Federal loans or for grants for planning or studies may be eligible under this bill for Federal grants for construction.

7. This bill would delegate to the President the power and authority of the Congress to authorize new Federal grant-in-aid programs and projects, and, through this new all-inclusive civil and military Federal and local public works blanket authorization, to select the Federal and federally assisted programs and projects to be constructed, and to determine the amounts of money to be appropriated therefor.

AN ACCELERATED PUBLIC WORKS PROGRAM WILL NOT PROVIDE NEEDED IMMEDIATE EMPLOYMENT

Public works construction has never been effective in achieving anticyclical results during an economic recession. Public works programs take so long to get going that they generally do not provide much additional employment until recovery is well underway. Public works projects of any size require a considerable period of time for the making of surveys, economic and engineering studies, preparation of plans and specifications, acquisition of land, and the advertising for bids, all of which must be accomplished before contracts can be awarded and actual construction commenced. Even additional time may be required for the commencement of Federal-aid projects by States and local governments, for it is necessary to establish criteria for Federal grants, receive requests for assistance, determine which projects are to be assisted, and assure that the State or local government has adequate funds to pay its share of the cost of the project. Depending on the size, type, and existing status of projects, there may be an elapse of from several months to 2 or more years between the time that a project is financed and work actually commenced, and the creation of new jobs will be deferred accordingly.

The only partially successful antirecession public works construction program undertaken during the postwar recessions was the expenditure of $400 million for Federal-aid highway construction authorized by the Federal-Aid Highway Act of 1958. This act, which was approved on April 16, 1958, required contracts to be awarded prior to December 1, 1958, for completion of projects by December 1, 1959. Many of the highway improvements undertaken under this authority consisted of work which did not require extensive engineering or acquisition of rights-of-way, such as resurfacing of highways and widening of shoulders. However,

even in carrying out this simple program, an average of 4 months elapsed between the time that projects were programed and contracts awarded for construction.

On January 13, 1961, Maurice H. Stans, Director of the Bureau of the Budget, transmitted to the President a staff report entitled "Federal Fiscal Behavior During the Recession of 1957–58." In this report Mr. Stans reviewed the fiscal policies in effect and the fiscal actions taken in the 1958 recession and the results obtained therefrom. Among the major findings of the report are that the fiscal actions of the Government which gave the biggest boost to the economy in 1958 were the built-in stabilizers, such as automatic decreases in income tax revenues and automatic increases in unemployment benefits; whereas, many of the deliberate countercyclical actions including some of the largest in terms of expenditures, made a small contribution in relation to their budget cost or were poorly timed. Even though the 1958 antirecession highway construction program has been referred to frequently as a possible exception to the unsatisfactory role of public works in creating jobs to combat a recession, this report points out that that antirecession highway construction program entailed high Federal expenditures for the amount of immediate employment created. A study of this report should convince anyone of the folly of relying upon the acceleration of public works to provide immediate work for the unemployed.

Most public works will not provide many jobs for persons who are presently unemployed. Much of the cost of projects goes into the purchase of materials and equipment and for the employment of professional and skilled persons who are not among the large group of unemployed.

Not only are public works projects, by their very nature, slow to start, but once started they cannot be readily stopped. According to the administration, we are now supposed to be in a period of recovery, with employment constantly improving according to the latest figures. The Department of Labor has reported that during March, April, and May of this year unemployment declined from 4,543,000 to 3,719,000 persons. This is an increase of 824,000 jobs, which is more than 6 times the number of jobs that may be created by expenditure of the $900 million authorized by this bill. If the peak impact of the public works construction program under H.R. 10113 comes during a period of recovery, rather than during the preceding recession, it can create problems greater than those it was designed to remedy by contributing substantially to inflation.

It should be pointed out that the funds authorized to be appropriated by H.R. 10113 will be available only for projects which can be initiated or accelerated within a reasonably short period of time and which can be substantially completed within 12 months thereafter. Thus, Federal assistance under this bill will be limited principally to small projects, which may be much lower in priority of needs and public benefits than other public works projects that are larger in size and would require more time to complete. Furthermore, such smaller projects are seldom found in large metropolitan areas where the need is greatest for the creation of employment opportunities.

To meet the requirement for substantial completion of construction within 1 year, most projects will have to be completed during a single construction season. In many northern areas of the country the construction season extends generally from May through October. This means that by the time this bill is enacted into law, if such be the case, and the necessary engineering, land acquisition, and other necessary work is accomplished preliminary to the awarding of contracts for the construction of projects, little, if any, construction work can actually get underway in these sections of the country before the spring of 1963 and no immediate employment will result.

There is also built into the language of H.R. 10113 another obstacle to the early undertaking of projects by many communities. Section 10 of the bill provides that no funds authorized to be appropriated shall be made available to any State or local government unless the proposed or planned total expenditures of such State or local government during the fiscal year for all its capital improvement projects is increased by an amount approximately equal to the non-Federal funds required to be made available for such public works projects. The purpose of this provision is meritorious in that it is designed to increase public works construction by preventing States and local governments from merely transferring funds from public works now planned to other projects to be financed under H.R. 10113, particularly if the Federal share of the cost of the H.R. 10113 project is greater. However, this provision may make it impossible for many communities to receive grants under this bill. State and local government budgets are generally approved annually or biennially, and revenues to finance such budgets are provided by legislative assemblies which may meet only for short or biennial sessions. In many instances it may be impossible for States and local governments to make changes in their budgets and to provide necessary additional financing so as to become eligible for grants under this bill.

It is appropriate to examine the anticipated results which might be obtained by the most optimum expenditure of the $900 million authorized by this bill. It is unlikely that any expenditures could be made during the remaining months of this fiscal year. Based upon the President's estimate of expenditure rates which would result from the $600 million immediate public works construction program he recommended to the Congress, it is assumed that the expenditure of Federal funds resulting from the early enactment of H.R. 10113, and the immediately subsequent appropriation of the $900 million authorized, would be approximately $500 million in fiscal year 1963, and $400 million in fiscal year 1964. According to the most optimistic testimony of Mr. George Meany, president of the AFL–CIO, when he appeared before the Committee on Public Works in support of this bill, each $1 million of construction expenditures will create about 100 onsite and offsite jobs and about 150 other jobs in consumer industries and in wholesale and retail trades for a period of 1 year, or a total of approximately 250 jobs for 1 year. Applying these figures to the estimated expenditures of the Federal funds authorized by this bill, approximately 50,000 onsite and offsite jobs and 75,000 additional jobs in consumer industries and wholesale and retail trades, or a total of 125,000 jobs, would be created during the peak fiscal year of 1963 and would continue through most of fiscal year 1964. When viewed in light of the national unemployment of 3,719,000 persons in May 1962, it is obvious that this bill will merely scratch the surface in providing work for the millions of persons now unemployed. In fact, the 125,000 persons who may receive employment for a period of a little less than 2 years as a result of the expenditure of this $900 million is only about 3 percent of the total unemployed. There is no assurance that even this small increase in employment will result. If the financing provided by this bill is merely substituted for State and local financing for projects which would be constructed anyway, there will be no increase in employment. And this is a real likelihood, for State and local government financing of public facilities has continued to set new records, with sales of new issues of State and municipal bonds increasing from $4.4 billion in 1952 to over $8.3 billion in 1961.

The Congress, and the people, should not be misled into believing that this bill will provide any appreciable solution to the serious unemployment problem in this country. It is true that some jobs will be created, but they will be too little in number and too late in time to be of material help to those who are so desperately in need of employment now. Enactment of this bill will accomplish nothing more than to create the false impression that something of real significance is being done to relieve unemployment—and that is not the case.

AVAILABLE FUNDS HAVE NOT BEEN USED

It is incongruous for the President to ask the Congress to give him such vast new authority and to authorize additional funds to accelerate construction of public works when the administration has deliberately avoided obligating funds already appropriated by the Congress for other programs which could produce far more employment than that which will result from expenditure of the $900 million authorized by this bill.

There are presently billions of dollars of obligational authority available to the President, the expenditure of which would greatly stimulate the economy and substantially relieve unemployment. However, for reasons known only to the administration, it has withheld, deferred, or substantially limited the obligation of funds for many programs. At the hearings on this bill, particular reference was made to the following unobligated balances of specific appropriations which are available to the administration for programs that could afford direct and substantial relief for unemployment, but which the administration has not used.

	Available for obligation during fiscal 1962	Amounts obligated at time of hearing or estimated to be obligated by end of fiscal 1962	Unobligated balance
Veterans' Administration direct loans	$500	$200	$300
Loans for public facilities, Community Facilities Administration	650	150	500
Urban renewal	2,000	600	1,400
Maritime Administration, for shipbuilding	153	89	64
Area Redevelopment Act, for grants and loans for construction of public facilities	90	1	89
Farmers Home Administration, housing loan program	[1] 430	95	335
Total	3,823	1,135	2,688

[1] Available for obligation during fiscal years 1962 through 1965.

NOTE.—Figures are rounded to nearest million dollars.

We fail to see any reason to give the President authority to expend an additional $900 million for public works, in any way that he sees fit, when there is now available more than $2½ billion for the above six programs which the administration has failed to use and which could produce jobs in the construction of homes, other buildings, ships, and public works, more quickly and in greater number than would result from expenditure of the $900 million authorized by this bill.

CREATION OF A NEW FEDERAL AGENCY

H.R. 10113 will establish a new Federal agency to be called the Office of Public Works Coordination and Acceleration and to be administered by a Director of Public Works Coordination and Acceleration. The Director and a Deputy Director are to be appointed by the President, by and with the advice and consent of the Senate. The Director will receive $20,000 per annum, which is the salary of an assistant Cabinet officer, and the Deputy Director will receive $18,500. There will also be an unestimated number of other officials and employees for this new agency.

The Director is directed by the language of the bill to encourage the coordination of planning policies for construction of public works and for this purpose he is required to review information collected from each department, instrumentality, and agency of the Federal Government and of State and local governments having authority to construct public works, and to determine—

(1) What public works projects have been or are in the process of being planned for construction;

(2) What public works projects are required to meet national, regional, and community growth and economic development;

(3) What are the present policies of the various departments, agencies, and instrumentalities with respect to planning public works; and

(4) The extent to which the policies of each such department, agency, and instrumentality should be coordinated with an overall policy with respect to public works planning and construction, and methods for such coordination.

This direction to and authority of the Director applies, as do the spending provisions of the bill, to the planning and construction of all Federal and Federal-aid public works projects, both civil and military, and is not in any way restricted to the acceleration of public works to relieve unemployment.

The view was expressed by some members of the committee that it was not intended that the Director should be authorized to establish policy which construction agencies would have to follow in regard to the planning and construction of public works projects. However, the language contained in the bill must be assumed to mean what it says and, if this language has any purpose at all, it would clearly appear to vest great authority and control in the Director of this new Office over all Federal and Federal-aid public works, which cannot be taken away by some statement to the contrary in the report of the committee on this bill.

An aggressive and ambitious Director of the Office of Public Works Coordination and Acceleration, armed with the authority contained in this bill, would quickly take over much of the policymaking now exercised by existing Federal agencies and would either directly or indirectly control the development of all Federal and Federal-aid public works programs and the selection and scheduling of specific projects for planning and construction. In practice, he will control the public works activities of the Department of Defense (including the Corps of Engineers), Agriculture, Interior, Commerce, and Health, Education, and Welfare, the Housing and Home Finance Agency, General Services Administration, and all other departments and agencies now administering public works programs.

In our opinion, it is unnecessary and certainly unwise to replace the experienced judgment of agencies now charged with the responsibility of administering public works programs by that of a single political appointee.

We fear that by the establishment of such a new agency, which would undoubtedly exercise controlling influence over all Federal public works projects and State and local Federal-aid programs and projects, the Congress will create a political pork-barrel czar which may turn on its creator like a Frankenstein monster. Not only is there real danger that the authority, policies, and decisions of other Federal agencies may become subservient to the wishes of the Director of this new agency, but, to the extent that this occurs, the Congress will be denied fully objective recommendations and reports of agencies now charged with the responsibility of administering public works programs. Thus, the Congress may be denied information and recommendations upon which to base its considerations for the establishment of new public works programs and for the authorization of and appropriation of funds for specific projects. In fact, to the extent that this new office insulates the Congress from the agencies which actually administer public works programs, the Members and committees of Congress and their staffs will be rendered impotent in carrying out the traditional role of the Congress to determine what public works projects should be undertaken by the Federal Government and what policies and criteria should apply.

We are not in favor of creating a czar over public works to set policies. And he will be setting policies which have been the responsibility of the Congress for years.

The administration is strongly opposed to the creation of this new Federal agency and, as pointed out in departmental reports on the bill and by administration witnesses who testified before the committee, the Office of Public Works Coordination and Acceleration would duplicate functions now performed by other governmental agencies and the establishment of such a new agency is neither necessary nor desirable, for planning, coordination, and administration can best be handled through existing agencies which now have program authority and which are presently engaged in public works or other programs on behalf of the President.

The following are excerpts of typical comments of departmental reports on H.R. 10113 and H.R. 10318, with respect to the creation of this new Federal agency:

Department of the Interior

"While there is considerable merit in the intent of these bills, we do not feel that the means proposed are necessary or desirable at this time. Public works programs now in progress are, in our opinion, being carried out satisfactorily. Necessary steps are now being taken by numerous agencies to provide needed coordination and long-range planning of contemplated public works programs.

"Thus, we feel that there would be a partial duplication of the functions to be performed by the Administrator, Coordinator, or Director with those already being performed by the various governmental agencies, including the Department of the Interior. It is difficult to determine from these bills how those functions will be coordinated with those of other agencies having similar responsibilities for public works construction.

General Services Administration

"We believe that the establishment of an Office of Public Works Coordination and Acceleration as contemplated by H.R. 10113 is neither necessary nor desirable in connection with the planning, coordination, and administration of a public works acceleration program. It is felt that such planning, coordination, and administration can best be handled through those existing agencies which now have program authority and which presently are engaged in public works or other programs on behalf of the President."

Department of Health, Education, and Welfare

"We are in full accord with the general objectives of both bills. We also believe that a useful purpose would be served if, as proposed by H.R. 10113, there were maintained an up-to-date inventory of current and prospective public works construction projects, and that increased attention were accorded problems of coordination in this field. We do not believe, however, that the attainment of these goals requires the establishment of a new Government agency. The planning and coordination that is necessary to assure the initiation or acceleration of the most useful projects, when the economic situation requires such action, can best be done by the agencies which currently have program authority, with central leadership furnished through the agencies that now coordinate public works and other programs on behalf of the President."

Administration witnesses who appeared before the committee on both H.R. 10113 and H.R. 10318 expressed opposition to the creation of an Office of Public Works Coordination and Acceleration.

Mr. Alan L. Dean, Deputy Administrator for Administration, Federal Aviation Agency, said:

"As between the two bills, our major objection to H.R. 10113 is that it would create an additional Government agency. I don't, by such a statement, mean to imply that creation of additional Government agencies is necessarily in itself bad. However, we believe that additional Government agencies should be established only upon a finding of clear and sufficient need in this case.

"H.R. 10318 would permit existing agencies to conduct all planning, administration, and coordination and thereby eliminate the need for a special public works coordinating agency. We believe that acceleration can best be carried out by those agencies which are presently engaged in coordinating public works and other programs on behalf of the President."

Mr. David E. Bell, Director of the Bureau of the Budget, testified in some detail before the committee as to how existing Federal agencies can carry out the planning, administration, and coordination of public works programs without necessity of creating a new agency. In this regard, he said:

"It would be our expectation that the proposed capital improvements acceleration could be carried out with a minimum of new administrative machinery. We would anticipate that:

"The Council of Economic Advisers, in line with its regular duties, would:

"(a) Keep the President informed on the unemployment situation;

"(b) Make recommendations to him on when to invoke the standby acceleration authority and when to terminate it; and

"(c) Make recommendations on the volume and general types of public works to be undertaken or accelerated.

"The Bureau of the Budget, as part of its normal responsibilities, would:

"(a) Collect from all Federal agencies advance plans for the succeeding 5-year period, covering all Federal and federally aided public works, and prepare summaries of these plans;

"(b) Keep the Council of Economic Advisers and the President advised on the status of the inventory of eligible public works and the readiness of plans for public works construction authorized under the proposed standby bill;

"(c) When either the immediate or the standby authority becomes effective, advise the President on the administration and financing of the programs.

"The Housing and Home Finance Agency, in line with its statutory duty to provide Federal assistance both for comprehensive planning and for advances to finance preparation of plans for specific State and local projects, would:

"(a) Expand its advance planning assistance and conduct periodic surveys in order to make sure that an adequate backlog of eligible State and local public works is ready for use in event of a recession;

"(b) When either the immediate or the standby authority becomes effective, make grants and loans for State and local public works directly or through other Federal agencies, to finance projects or programs not already eligible for Federal grants.

"Each Federal Agency having direct responsibility for public works and for Federal aid to State and local construction would:

"(a) Continue and, if necessary accelerate preparation of advance plans so that new projects will be available for initiation when funds are made available under the standby authority;

"(b) If now authorized to provide financial assistance to States and local governments, continue to encourage and assist them in advance planning and to obtain reports of the status of such advance plans;

"(c) Submit information on Federal and federally aided public works to the Bureau of the Budget for central compilation and analysis;

"(d) When either the immediate or the standby authority becomes effective, make recommendations for initiation or acceleration of eligible projects and programs, including grants, administered by it; and

"(e) When the funds have been allocated to the agencies, make the contracts, grants, etc., necessary to carry out the decisions.

"Finally, it would be desirable, in our opinion, when either the legislation authorizing immediate acceleration of capital improvements becomes effective, or the President under the standby authority proclaims a capital improvements acceleration period, to supplement the existing administrative organization in one respect. While existing agencies would continue to be responsible, as indicated above, for the planning and administration of the various programs, the President would wish to designate a single individual to assure prompt and effective execution of the total program. Under the President's present thinking, he would wish to assign this responsibility to a member of the Cabinet, but he has not yet finally decided the matter."

Existing agencies can maintain an inventory of the status of all Federal and Federal-aid public works programs and projects, keep the President and the Congress informed on the unemployment situation, and make recommendations for regular public works programs and for the acceleration of programs to combat recessions, if the latter is deemed desirable. In fact, much of this is being done now as part of the regular duties of the Council of Economic Advisers, the Bureau of the Budget, and agencies administering public works programs. There is absolutely no need to create a new super-Federal agency to duplicate these functions.

One of the arguments that has been advanced in support of the establishment of this new agency is that it will be required to prepare and keep current at all times a public works plan which shall have as its basic purpose the acceleration of the construction of public works necessary to increase employment and to stabilize the economy when required to offset declines in economic activity, and such a plan is provided for in this bill. Again, there is no need to create a public works czar for this purpose. Such a plan can be prepared and maintained by existing agencies as a part of their regular duties. Furthermore, H.R. 10113 provides no procedures or authority for implementation of such a plan when it is prepared. Even the $900 million authorized to be appropriated by this bill will be expended without any regard to such a plan.

FURTHER INCREASE IN DEFICIT FINANCING

One of the most urgent problems facing this country today is to put the national economy back on a sound basis, which will promote full employment. This Nation has been on a deficit financing basis for 25 of the past 31 years. In fiscal year 1961 there was a $4 billion deficit. This year it appears there will be a $7 to $10 billion deficit, and there is every indication that a deficit of from $3 to $5 billion will exist next year.

No portion of the $900 million authorized to be appropriated by H.R. 10113 is contained in the budget, and expenditures resulting from this authorization will further increase the Government's deficit financing and will contribute to subsequent requirements to further raise the public debt ceiling above its present level of $300 billion, which within the past few days, the President has requested the Congress to raise to $308 billion.

Continuing deficit financing has resulted in a gradual increase in the general price level which in turn has produced a continuing decline in the value of the dollar. Since 1939 the dollar has gone down from 100 cents to 46.1 cents, as of March of this year. The decline in purchasing power further accentuates the unbalance between consumption of goods and services and the productive capacity of the Nation, which contributes to unemployment. There is no evidence to indicate that this long-term trend will come to an early end, and H.R. 10113 would further promote this trend.

It is important to recognize the adverse characteristics of inflation on economic growth and job creation. With inflation, the annually available capital, whether derived from profits or depreciation reserves, is not able to buy the same facilities or finance the same number of jobs. The persistence of unemployment in the United States in the recent years is not due to inadequate Government spending, but rather to inadequate private investment. It is the expectation of profit which causes people to invest money and create job opportunities. Unless people have a reasonable expectation of making a profit, there will be no expansion of employment in the private sector of the economy. It is essential to find ways and means to encourage growth in the private sector; the key elements of which are incentives and sound money. Business confidence is not enhanced by the Federal Government's inability to balance the budget, even when the economy is operating at the highest level on record. The crucial need for jobs is defeated by concentrating our attention on Government activities which produce inflation and reduce the capacity of the private sector to grow and produce jobs. Under these conditions, deficit spending, including that which will result from enactment of this bill, is not likely to increase employment; in fact, it may have just the opposite effect.

INCREASED PRESIDENTIAL POWER

Section 9 of H.R. 10113 gives to the President the power and authority, which he has requested, to allocate funds authorized by the act in such amounts as he determines to heads of departments, agencies, and instrumentalities of the Federal Government of his choosing, for the initiation and acceleration of public works projects which the President or the heads of such governmental agencies may select. By the enactment of this bill the Congress would give the President unprecedented blanket authority to use appropriated funds in such amounts as he may determine for programs and projects of such types and at such locations as he may select. It is a far-reaching and dangerous precedent for the Congress to so abrogate its traditional and constitutional responsibilities to designate programs and projects for which authorizations are to be increased, to select projects to be constructed, and to determine the amounts of Federal funds to be appropriated therefor.

Under the provisions of this bill, the President is authorized to use the funds provided in the bill for the construction of any Federal public works projects, civil and military, which have been authorized by the Congress and any public works projects of States and local governments for which Federal financial assistance is authorized under other provisions of law. In prior precedents, even to offset the recession in 1958, the Congress increased specific programs by specific amounts, rather than delegating such power to the President.

Under this broad delegation of authority, the President can construct any public works project which is authorized by the Congress irrespective of how long ago the authorization may have been given and even though the Congress, subsequently, may not have seen fit to appropriate money for its undertaking. For example, this bill would empower the President to construct a navigation or flood control project, including dams, locks, canals, and power transmission facilities which may have been authorized by the Congress 30 years ago, but in which the Congress has subsequently lost interest and which has not been sufficiently justified before the Committee on Appropriations to secure the appropriation of funds to undertake its construction. Thus, the President could completely bypass the appropriation process and construct projects which, even though they have been authorized, would not be financed if reviewed and studied by the Congress in the discharge of its constitutional responsibilities to appropriate funds.

In addition to this usurpation of the authority of the Committee on Appropriations and the Congress as a whole, the Congress would also delegate to the President, in effect, the authority to both authorize and to appropriate funds for projects of States and local communities which have never been authorized by the Congress. The division of powers between the executive, legislative, and judicial branches is fundamental to our constitutional system of Government, and no President should be delegated powers which are essentially that of the Congress, as would be done by enactment of this bill.

UNLIMITED AREAS IN WHICH PROJECTS WILL BE ELIGIBLE FOR FEDERAL GRANTS

Even though the bill purports to limit the areas in which the President may authorize the initiation and acceleration of public works projects, the limitation is more illusory than real. So-called eligible areas are those (1) which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least 9 of the preceding 12 months and (2) which are designated by the Secretary of Commerce under subsections (a) and (b) of section 5 of the Area Redevelopment Act as "redevelopment areas."

The bill provides that the criteria to be used by the Secretary of Labor in determining areas of substantial unemployment shall be the criteria established in section 6.3 of title 29 of the Code of Federal Regulations as in effect May 1, 1962, which principal criteria is that unemployment is 6 or more percent of the total labor force.

Thus, any area which has had 6-percent unemployment for 9 of the preceding 12 months can be declared an area of substantial unemployment and be eligible for grants of Federal funds under this bill. During the first 3 months of calendar year 1961 this con-

dition was met for the entire United States on the basis of national unemployment percentage. Presumably, the entire United States could have been declared an area of substantial unemployment.

There are 882 areas and 50 Indian reservations which have been designated as redevelopment areas and 132 areas which have been designated for 9 of the last 12 months as areas of substantial unemployment, making a total of 1,064 areas in which grants of Federal funds would now be eligible if this bill is enacted into law. For all practical purposes the entire United States is, or probably can be blanked by the designation of such areas, which will afford the President complete freedom in selecting the projects which he wishes to be the recipient of Federal grants.

PRESIDENTIAL CREATION OF NEW FEDERAL AID PROGRAMS

The President is authorized by section 9 of the bill to initiate and accelerate public works projects of States and local governments for which Federal "financial assistance" is authorized by other provisions of law, and for the construction of which funds authorized to be appropriated by the bill may be used to pay 50 percent of the cost, notwithstanding any existing provision of law requiring Federal contribution to be less than 50 percent. The broad and general term "financial assistance" is not defined in the bill and seems to apply to any project for which financial assistance of any kind is authorized under existing law. Thus, projects for which the Congress has authorized only loans, or has authorized grants or advances of Federal funds merely for planning or for making surveys and studies would, by enactment of this legislation, appear to become eligible for construction grants up to 50 percent of the cost of such projects.

Under section 11 of H.R. 10113, the Administrator of the Housing and Home Finance Agency is specifically authorized to make grants from the funds authorized to be appropriated by the bill to any municipality, community, or any other political subdivision or instrumentality of a State, to pay 50 percent of the cost of constructing any public works or facilities which are eligible under existing law for an interest-bearing loan from the Community Facilities Administration. So as to make this grant provision applicable to projects which now would not even be eligible for a loan, section 11 of this bill would also amend section 202 of the Housing Amendments of 1955, so as to make the existing limitation on loans being available only to municipalities or subdivisions having a population of less than 50,000 (or 150,000 in the case of a community situated in an area designated as a depressed area under section 4 of the Redevelopment Act) inapplicable to grants under H.R. 10113.

By these provisions, the Congress would authorize the President, through the allocation of funds to the Administrator of the Housing and Home Finance Agency to, in effect, both authorize and appropriate funds for Federal grants-in-aid programs which the Congress has never heretofore authorized, and for which moneys have never heretofore been appropriated. Any public works or facilities which a municipality, community, or subdivision or instrumentality of a State is authorized or permitted under State law to construct, would be eligible for a 50-percent grant under H.R. 10113. The only limitation that has been placed upon the types of projects eligible for loans by the Community Facilities Administration has been to administratively exclude school construction. However, even this exclusion could be eliminated by the Administrator of the Housing and Home Finance Agency at any time with respect to loans under existing law, and it may never be made applicable to grants under H.R. 10113. In any event, any school construction which is now provided Federal assistance under other provisions of law would be eligible for grants under this bill.

Under H.R. 10113 the President could commence Federal grant-in-aid programs for the construction of city halls, police stations, jails, fire stations, public parks, recreation centers, swimming pools, ski lifts, tramways, golf courses, mass transmit facilities, public parking, fish hatcheries, zoos, public buildings, museums, and any other type of public facility which the municipality or State subdivision or instrumentality may construct under State law. It is obivous that this is a backdoor community facilities bill. A number of State and local officials testified before the committee of their desires to construct such projects with funds to be authorized by this bill.

H.R. 10113 authorizes the President to commence all such new Federal grant-in-aid programs, if he desires to do so, without the Congress having ever made any determination as to the desirability or need for establishing such programs and without ever having previously authorized the making of grants therefor.

In one fell swoop, by enactment of this bill, the Congress will authorize the President to establish many new Federal grant-in-aid programs, limited only by the ingenuity and imagination of State and local officials and Federal bureaucrats, all of which will be done without benefit of the searching scrutiny which Congress has traditionally given to the commencement of new Federal grant-in-aid programs when considered on their individual merits. Of course, the $900 million authorized to be appropriated by this bill would be a limiting factor, initially, on the size of these new Federal-aid programs; however, once established, great pressures would be brought to bear upon the Congress to continue them.

The Congress has a constitutional duty and a responsibility to the people of this country to carefully study the need and the justification for any new Federal grant-in-aid program before it is authorized. If such new programs are to be established, the Congress should carefully consider the amounts of money to be made available for each such program, and the percentage of the costs of individual projects which should be paid from Federal funds, as well as the establishment of criteria for such projects. The Congress would be abandoning its duty and its responsibility to the people if it should delegate this power of determination, which is the Congress alone, to the President. It is incredible for the President to ask the Congress to give him such unlimited powers, and it is fantastic for the Congress to consider doing so.

INCREASED FEDERAL COST OF PROJECTS

Not only would H.R. 10113 authorize Federal grants to pay 50 percent of the cost of public works projects of municipalities and subdivisions and instrumentalities of the States for which no Federal grants are now authorized by existing law, but with respect to any presently authorized Federal grant-in-aid program for which the Federal contribution to the cost of projects is less than 50 percent under existing law, the Federal share would be increased to 50 percent under this bill.

To illustrate how this would work, consider as an example a sewage treatment plant to be constructed by a municipality at a cost of $30 million. Under the Federal Water Pollution Act this project could be eligible for a Federal grant not to exceed 30 percent of the estimated cost of the project, or $600,000, whichever is the smaller. Under existing law this project could be eligible for a Federal grant of $600,000; however, under H.R. 10113, this project could be eligible for a grant of 50 percent of the cost, or $15 million.

The extent of the Federal interest in various kinds of public works and the extent of the Federal responsibility for payment of part of the costs of particular programs and projects have been carefully considered by the Congress over a period of many years, and it would be the height of foolishness and irresponsible action for Congress to enact this bill to summarily set aside these established formulas for Federal participation.

SOME OTHER SOLUTION MUST BE FOUND

The increased public works spending authorized by H.R. 10113 is not going to solve the unemployment problem; in fact, it is not even an effective first-aid treatment. Sooner or later—and we hope it is sooner—the Congress and the administration are going to have to face up to the real causes of our ever-worsening economic situation and take action to get to the heart of the problem for its ultimate solution.

When productive capacity so far outdistances consumption of goods and services, as is the case in the United States today, critical unemployment inevitably results. The reason for this unbalance between productive capacity and consumption is not because of the lack of desire for the products of our capacity. In fact, economists generally agree that the desire for goods and services far exceeds the productive capacity of the Nation. This desire is unsatisfied and our productive capacity is not consumed because of the inability of people to buy. If consumption and productive capacity are brought into balance, for all practical purposes unemployment will be eliminated. Obviously the answer is not to decrease productive capacity to bring it into balance with consumption; on the contrary, productive capacity should be ever increased, by improved technology, automation, and an improved business climate, so as to produce more goods cheaper for the benefit of all people, and thereby promote a continuing increase in our standard of living and permit this country to become more competitive in the world markets.

These goals can only be obtained by increasing consumption. Not only would the unsatisfied desire for goods and services be met, but as consumption increases jobs are created and unemployment declines. Furthermore, as consumption increases, the growing market demand would stimulate additional capital investment which, in turn, would create more jobs and further increase consumption of goods and services.

CONCLUSION

In our opinion this bill is ineffective to provide immediate employment, and over a period of 2 years, or more, at best it will create jobs for only about 3 percent of the persons now unemployed. Whereas, this bill purports to offer hope for the millions now unemployed, in reality, it will only bring more disillusionment and despair when its inadequacies become known. Enactment of this bill is entirely too high a price to pay, both in dollars and in the unwise delegation of congressional powers to the President, in return for the few temporary jobs which will be created too late to be of any immediate assistance to those who now desperately need work, want to work, and cannot find employment.

The real end result of this bill is to give the President a book of blank checks with authority to draw $900 million from the Treasury of the United States and to use such amounts thereof as he decides for the construction of projects he selects in localities of his choosing. Under the authority of this bill the President can approve or withhold funds for projects in such a manner as to coerce Members of Congress to support his New Frontier program, or to buy political support for favored candidates for public office, or to pay political obligations.

When the people of this country learn what this bill does and does not do, they will strongly resent the political contrivance to give the President a political slush fund to be paid for by the taxpayers.

We are gravely concerned over the seriousness of the continuing unemployment problem and urge that the Congress take immediate action to find a real and effective solution to this problem rather than to enact this abortive legislation.

Thomas Jefferson warned against traveling the road down which the present administration is taking this country, when he said:

"I place economy among the first and most important virtues, and public debt as the greatest of dangers to be feared. To preserve our independence, we must not let our rulers load us with perpetual debt. We must make our choice between economy and liberty, or profusion and servitude. If we run into such debts, we must be taxed into our meat and drink, in our necessities and our comforts, in our labors and in our amusements. If we can prevent the Government from wasting the labors of the people, under the pretense of caring for them, they will be happy."

JAMES C. AUCHINCLOSS, GORDON H. SCHERER, WILLIAM C. CRAMER, JOHN F. BALDWIN, FRED SCHWENGEL, EDWIN B. DOOLEY, HOWARD W. ROBISON, PERKINS BASS, WALTER L. MCVEY, CARLETON J. KING, JAMES HARVEY, JOHN C. KUNKEL, LOUISE G. REECE.

Mr. FLYNT. Mr. Chairman, when the bill is read for amendment at the appropriate time I intend to offer an amendment to section 9, on page 16.

The amendment which I propose to offer is as follows:

On page 16, line 17, strike out the period after the word "areas", insert a semicolon and the word "and", and add a new paragraph as follows:

"(3) any other area which the governing official or governing body thereof certifies to the Secretary of Commerce is an area of substantial unemployment."

The purpose of this amendment is to permit the filing of applications by cities and counties which in good faith believe themselves to qualify as an area of substantial unemployment. Under the terms of my amendment the burden of establishing such eligibility would be upon the applicant.

The adoption of this amendment would not of itself authorize a grant to an ineligible area because eligibility would have to be established. It would, however, permit the filing and processing of applications submitted in behalf of areas where the governing official or governing body certifies that such area is an area of substantial unemployment and the area concerned could be authorized to receive a grant under the provisions of this act if it were determined to be eligible during the period intervening between the filing of the application and the time the decision upon the application is made.

I hope that the floor managers of the bill will agree to the amendment and that it will be adopted in the Committee of the Whole.

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Mr. BLATNIK. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KEOGH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 10113) to establish an Office of Public Works Coordination and Acceleration, to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels, and for other purposes, had come to no resolution thereon.

NONJUDICIAL PUNISHMENT

Mr. RIVERS of South Carolina. Mr. Speaker, by direction of the Committee on Armed Services, I ask unanimous consent to take from the Speaker's table the bill (H.R. 11257) to amend section 815 (article 15) of title 10, United States Code, relating to nonjudicial punishment, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

IN THE SENATE OF THE UNITED STATES,
August 25, 1962.

Resolved, That the bill from the House of Representatives (H.R. 11257) entitled "An Act to amend section 815 (article 15) of title 10, United States Code, relating to nonjudicial punishment, and for other purposes" do pass with the following amendment: On page 2, line 6, after "demand." insert: "However, except in the case of a member attached to or embarked in a vessel, punishment may not be imposed upon any member of the Armed Forces under this article if the member has, before the imposition of such punishment, demanded trial by court-martial in lieu of such punishment."

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

TO COMPEL PRODUCTION OF DOCUMENTARY EVIDENCE

Mr. ROGERS of Colorado submitted the following conference report and statement on the bill (S. 167) to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 2291)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 167) to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House numbered 1 through 24, inclusive, and the Senate agree to the same.

EMANUEL CELLER,
PETER W. RODINO, Jr.,
BYRON G. ROGERS,
WILLIAM M. MCCULLOCH,
Managers on the Part of the House.

JAMES O. EASTLAND,
ESTES KEFAUVER,
OLIN D. JOHNSTON,
EVERETT MCKINLEY DIRKSEN,
ROMAN L. HRUSKA,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 167) to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendments Nos. 1 and 3: Provide formal changes made necessary by the deletion provided in amendment No. 2 as proposed by the House.

Amendment No. 2: Provides for the deletion from the antitrust laws to which the bill applies as proposed by the Senate of section 3 of the Robinson-Patman Act as proposed by the House.

Amendment No. 4: Deletes as proposed by the House reference to "antitrust agency".

Amendment No. 5: Deletes as proposed by the House the definition of the term "antitrust agency" as proposed by the Senate.

Amendments Nos. 6, 7, and 8: Correct the subparagraph numbers as proposed by the House; and delete the words "any final order of any antitrust agency, or" as proposed by the Senate and stricken out as proposed by the House.

Amendments 9, 10, 11, 12, and 13: Correct the subparagraph numbering.

Amendent No. 14: Adopt amendment No. 14 as proposed by the House which inserts "under investigation."

Amendment No. 15: Inserts before "antitrust investigation" as proposed by the Senate "a civil" as proposed by the House.

Amendment No. 16: As proposed by the House, the court in any proceeding under section 5(d) may direct the place of production and inspection of the documents demanded.

Amendment No. 17: Eliminates useless phraseology as proposed by the House.

Amendment No. 18: Strikes out as proposed by the House "or any antitrust agency" as proposed by the Senate.

Amendments Nos. 19, 20, and 22: Strike out as proposed by the House "court, grand jury, or antitrust agency", and insert "court or grand jury".

Amendments Nos. 21 and 23: Strike out as proposed by the House "or any antitrust agency" as proposed by the Senate.

Amendment No. 24: As proposed by the Senate any person, not including a natural person by virtue of the definition of person in the bill, could be punished for disobedience of a court order under the bill. The amendment of the House makes a natural person subject to such punishment as agreed to by the managers on the part of the Senate.

In substance, the conference report makes the following changes in the bill: It deletes from the bill the Robinson-Patman Act as proposed by the House. Persons on whom civil investigative demands may be made would include persons, other than natural persons, who may possess documentary material relevant to a civil antitrust investigation, but the civil investigative demand procedure is limited to such persons who are

under investigation as proposed by the House. As proposed by the Senate the material obtained under a civil investigative demand would be available to any agency charged by law with the administration of any antitrust law prescribed in the bill instead of only the Department of Justice as proposed by the House. The conference report would restrict such material to the Department of Justice. The report also includes a natural person as punishable for disobedience to a court order issued in the enforcement of the provisions of the bill.

The purpose of the civil investigative demand bill is to provide the Department of Justice with a much-needed tool for the fair, effective enforcement of the antitrust laws.

While a limitation of the civil investigative demand procedure to companies "under investigation" may somewhat restrict the use of this procedure by exempting companies in no way involved in a subject under inquiry by the Department, the essential purpose of the bill is clearly still fulfilled, for the civil investigative demand procedure will be available to the Department where a company is involved in a matter under investigation by the Department.

Similarly, the basic aim of the bill is not frustrated by denying the Department of Justice the right to make available to the Federal Trade Commission documents obtained by the civil investigative demand procedure.

Accordingly, the managers on the part of the House recommend passage of the House version of the bill as agreed by the conferees, pursuant to the action of the House.

EMANUEL CELLER,
PETER W. RODINO, Jr.,
BYRON G. ROGERS,
WILLIAM M. MCCULLOCH,
Managers on the Part of the House.

VIRGIN ISLANDS NATIONAL PARK BOUNDARIES

(Mr. ASPINALL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ASPINALL. Mr. Speaker, yesterday because of the mixup in procedures, those wishing to speak on S. 2429 were unable to get their statements into the RECORD while the bill was being considered. It is my feeling that if the legislation could have been considered under a more temperate atmosphere, that the action on the bill might have been favorable. It is for this reason, Mr. Speaker, that I have asked that the statements of myself, of Mr. RUTHERFORD, chairman of the Subcommittee on National Parks, and of Mr. SAYLOR, ranking minority member, be placed in the body of the RECORD so that the membership may really understand what is involved in the legislation.

Mr. Speaker, S. 2429 concerns the Virgin Islands National Park. This park was established in 1956 pursuant to an act of Congress of that year. Its authorized boundaries include about 9,500 acres or two-thirds of the island of St. John The total population of the island, according to the 1960 census, is 925, most of whom live outside the park boundaries. About 6,200 of the 9,500 acres within the boundaries have been donated to the United States by Mr. Laurance S. Rockefeller and his associates who acquired them at a cost of over $4 million.

Although it is small in comparison with many of our great national parks in the West, the Virgin Islands National Park is one of the gems of the national park system. The lush tropical vegetation which typifies the island of Saint John, the coral reefs which surround it, the 1,200-foot mountains which dominate its landscape, the many remains of forts and plantation homes which remind us that it was a flourishing community in in the 18th century, and the petroglyphs which remain from a still earlier period when it was the home of Arawak and Carib Indians—all these, taken together, make it unique among our national conservation and recreation areas.

The time has come, Mr. Speaker, to round out the Federal holdings in this little national park. As the figures I have already given indicate, there are about 3,300 acres within the authorized boundaries that remain to be acquired. The Committee on Interior and Insular Affairs has been advised that some of the remaining owners are unwilling to sell at what is considered a reasonable price. It would, of course, be unfair to expect continued donations in this situation. Hence the amendment to the basic 1956 Act which S. 2429 proposes will do two things. It will remove the provision which forbids land acquisition except by donation or with donated funds, and it will vest the National Park Service here, as is the usual case in our national park system, with powers of condemnation. The latter is necessary in order to improve the negotiating position of the Government and will, we hope, have this effect even though it may never be used.

The Park Service estimates that the 3,300 acres that remain to be acquired will cost about $2,500,000, or an average of a little less than $760 per acre. An amendment to the bill which the committee recommends provides, however, that not more than $1,250,000 is authorized to be appropriated for this purpose. The remainder, it is expected, will be donated to the Government. In fact, the committee has been informed that $500,000 is already on hand for this purpose. I hope the House will concur in my and the committee's estimate of the great value to the Nation of these philanthropies and of the reasonableness of the Government's taking over a share of the burden from here on out.

The second purpose of S. 2429 is to add to the park two areas of submerged land plus a few small cays and rock islands off the coast of Saint John. One area on the north shore includes 4,100 acres, the other on the south shore includes 1,550 acres. The Advisory Board on National Parks, Historic Sites, Buildings, and Monuments has recommended that areas such as these be included in the park.

These additions will cost little or nothing, since the United States already owns the submerged land. In a bill passed by the House a few months ago—H.R. 4860 by Congressman O'BRIEN of New York—under which the submerged lands adjacent to the Virgin Islands, Guam, and American Samoa will be transferred to the jurisdiction of the governments of those territories, we specifically authorized the President to reserve such areas as these from the transfer.

The inclusion of these 5,650 acres is desirable for several reasons. They include important and beautiful coral formations which deserve to be protected from depredation by souvenir hunters and commercial interests. They are also an important habitat of tropical fish, spiney lobsters, and mollusks that attract, but need protection from, spear fishermen, tourists and others. Finally, the National Park Service has plans for the development of underwater trails for visitors which will add greatly to the attractiveness of the park.

Mr. Speaker, these two purposes of S. 2429 deserve the support of the House. I recommend that the bill be enacted.

VIRGIN ISLANDS NATIONAL PARK BOUNDARIES

(Mr. RUTHERFORD (at the request of Mr. ASPINALL) was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. RUTHERFORD. Mr. Speaker, I regret that circumstances on Monday did not permit a full examination of the merits of S. 2429, a bill to revise the boundaries of the Virgin Islands National Park, and that the House had before it, at the time it voted, a completely one-sided appraisal of the bill. I think a further explanation is in order so that Members may see what this bill is all about.

Section 1 of the bill makes a part of the Virgin Islands National Park two areas, mostly submerged land, which lie off the shores of the island of Saint John. They are to be included within the park boundaries in order, in the language of the bill, "to preserve for the benefit of the public significant coral gardens, marine life, and seascapes in the vicinity" of the park.

It has been our usual practice, in connection with the national seashore program, to include offshore areas. This has been done at Cape Hatteras, N.C.; Cape Cod, Mass.; and Point Reyes, Calif. Why it was not done at the time the Virgin Islands Park was created, in 1956, I do not know and our records do not show. Perhaps it was not thought of. Be that as it may, enactment of S. 2429 would correct this defect in the original law and make the Virgin Islands Park still more of an attraction to visitors than it already is. One of the important results would be to put under the protection of the National Park Service law the coral, spiney lobsters, tropical fish and other flora and fauna with which these two areas abound and thus to fulfill the prime objectives of any national park—"to conserve the scenery and the natural and historic objects therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations."

The two areas of which I speak include 5,650 acres. All of the land, except possibly for a few rock islands, is already owned by the United States. Enactment of section 1 will thus cost the United States nothing. The bill should pass if

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

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For actions of August 29, 1962
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HIGHLIGHTS: Senate passed appropriations continuation measure. Sen. Yarborough commended REA program. House committee reported bill for retirement credit for Federal-State cooperative service. House passed public works acceleration bill.

HOUSE

1. PUBLIC WORKS. Passed with an amendment (inserting the language of H. R. 10113) S. 2965, the proposed Public Works Acceleration Act. A similar bill, H. R. 10113, was laid on the table. pp. 16923-52

Agreed to the following amendments to H. R. 10113:

By Rep. Wright to delete the provision creating an Office of Public Works Coordination and Acceleration. pp. 16939-40

By Rep. Blatnik to provide that "No part of any allocation made by the President under this Act shall be made available for any planning of construction, directly or indirectly, of any school or other educational facility." pp. 16940-2

By Rep. Scranton, 122 to 70, to allow the Federal Government to contribute up to 75% of the cost of public works projects. pp. 16943-7

Rejected the following amendments to H. R. 10113:

By Rep. Dent, 10 to 121, to allow the Federal Government to finance the entire cost of public works projects in certain cases. pp. 16945-7

By Rep. Flynt to add to the definition of "eligible area" any "area which the governing body thereof certifies to the Secretary of Commerce is an area of substantial unemployment." pp. 16947-8

2. FARM LABOR. Rep. Derwinski inserted an article, "Priest Wages War on Migrants' Poverty." pp. 16970-1

3. PERSONNEL. The Post Office and Civil Service Committee reported without amendment H. R. 10539, to amend the Federal Employees Health Benefits Act of 1959 to provide additional choice of health benefits plans (H. Rept. 2294), and with amendment H. R. 3258, to allow credit under the Civil Service Retirement Act to certain Federal employees for service in Federal-State cooperative programs in a State (H. Rept. 2295). p. 16973

A subcommittee of the Post Office and Civil Service Committee voted to report to the full committee S. 1070, to amend the Federal Employees Life Insurance Act of 1954, so as to provide for an additional unit of life insurance. p. D787

4. LEGISLATIVE PROGRAM. Rep. Albert announced that on Thurs., Aug. 30, the rule to send the farm bill to conference will be considered, followed by H. R. 12712, to assist the States to provide additional facilities for research at the State agricultural experiment stations. pp. 16959-60

SENATE

5. APPROPRIATIONS. Passed without amendment H. J. Res. 864, the appropriations continuation measure to make temporary appropriations until September 30, 1962, for those departments and agencies whose annual appropriation bills have not yet been enacted. This measure will now be sent to the President. pp.16977-8, 17010

A subcommittee of the Appropriations Committee approved for full committee consideration H. R. 12870, the military construction appropriation bill for 1963. p. D784

6. ELECTRIFICATION. Sen. Yarborough commended the REA program and inserted a letter to the editor by REA Administrator Clapp defending his agency against a report of "Edison Electric Institute Vice President Edwin Vennard as charging that the Rural Electrification Administration has overstepped its legislative mandate by 'promoting Government ownership of the electric power business'." pp. 16984-5

7. TAXATION. Continued debate on H. R. 10650, the proposed Revenue Act of 1962 (pp. 16987-17005, 17011-51). By a vote of 62 to 17, tabled an amendment by Sen. Douglas to repeal the provision of law providing for the withholding of income tax on wages and salaries (pp. 17045-6). Pending at adjournment was the committee amendment to permit income tax deductions for farmers for land-clearing expenses (pp. 17049-51).

8. OCEANOGRAPHY. Conferees were appointed on S. 901, to provide for a long-range national program in oceanography. House conferees have not yet been appointed. pp. 17010-11

9. SAFETY. The Judiciary Committee reported without amendment S. J. Res. 222, to provide for the designation of Oct. 1962 through Oct. 1963 as "National Safety Council 50th Anniversary Year" (S. Rept. 1981). p. 16974

10. FOREIGN TRADE. Sen. Smathers submitted amendments intended to be proposed to H. R. 11970, the proposed Trade Expansion Act of 1962. p. 16975

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PROCEEDINGS AND DEBATES OF THE 87th CONGRESS, SECOND SESSION

Vol. 108 WASHINGTON, WEDNESDAY, AUGUST 29, 1962 No. 155

House of Representatives

The House met at 11 o'clock a.m.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Daniel 9: 3: *I set my face unto the Lord God, to seek by prayer and supplications.*

Almighty God, when we inspect and examine our soul, in these moments of prayer and meditation, we find that the poverty of our spiritual life is appalling.

It seems as if a blight of palsy has fallen upon our spirit and we are not seeing life in its true perspective.

We humbly confess that when we are courageous enough to call ourselves to account we feel that our despair and defeat are due largely to our preoccupation with things that are merely material.

Inspire us to give life a more spiritual frontage lest we lose the meaning of our nearby tasks and responsibilities and suffer loss alike in peace and in power.

Help us daily to cultivate the prayer life and give us such a clear vision that we shall be enabled to discharge our duties intelligently and forcefully.

To Thy name we ascribe all the glory. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday, August 28, 1962, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 3327. An act to make certain federally impacted areas eligible for assistance under the public facility loan program.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate to a bill of the House of the following title:

H.R. 10743. An act to amend title 38, United States Code, to provide increases in rates of disability compensation, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (H.R. 10062) entitled "An act to extend the application of certain laws to American Samoa."

The message also announced that Mr. BUTLER had been appointed a conferee on the bill (S. 320) entitled "An act to amend the provisions contained in part II of the Interstate Commerce Act concerning registration of State certificates whereby a common carrier by motor vehicle may engage in interstate and foreign commerce within a State" in place of Mr. CASE of New Jersey, excused.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 207]

Andersen, Minn.	Garland	Moulder
Ashley	Gray	Norrell
Baring	Green, Oreg.	O'Brien, Ill.
Barry	Harding	Pilcher
Bass, N.H.	Harrison, Va.	Powell
Blitch	Harsha	St. Germain
Bonner	Hébert	Saund
Boykin	Hoffman, Mich.	Scherer
Celler	Horan	Seely-Brown
Coad	Kilburn	Steed
Curtis, Mass.	Landrum	Tabor
Davis, Tenn.	McMillan	Thompson, La.
Donohue	McSween	Weaver
Evins	McVey	Williams
Frazier	Merrow	
	Morrison	

The SPEAKER. On this rollcall 388 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

REMOVING CERTAIN RESTRICTIONS ON REAL PROPERTY CONVEYED TO THE TERRITORY OF HAWAII BY THE UNITED STATES

Mr. PRICE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 7278) to amend the act of June 5, 1952, so as to remove certain restrictions on the real property conveyed to the Territory of Hawaii by the United States under authority of such act, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, after line 10, insert:

"SEC. 2. Such Act is further amended by adding at the end thereof a new section, as follows:

" 'SEC. 3. In order that the State of Hawaii may convey good and clear title to any parcel of land conveyed by it under the exchange authority prescribed in clause (a) of section 2 of this Act, the Secretary of the Navy is authorized to relinquish to the State of Hawaii any right, title, and interest of the United States in and to such parcel free of any conditions set forth in section 2 on condition that the State of Hawaii agree, with respect to any lands received by such State in exchange for such parcel, to convey to the United States rights and interests substantially equal to those held by the United States in the lands originally conveyed by it to such State (then a Territory) under this Act, and such other rights and interests as the Secretary may deem necessary in the public interest.' "

Page 2, line 11, strike out "2" and insert "3".

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

PUBLIC WORKS COORDINATION AND ACCELERATION ACT

Mr. BLATNIK. Mr. Speaker, I move that the House resolve itself into the

Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 10113) to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 10113) with Mr. KEOGH in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the gentleman from Minnesota [Mr. BLATNIK] had 50 minutes remaining, and the gentleman from New Jersey [Mr. AUCHINCLOSS] had 32 minutes remaining.

The Chair recognizes the gentleman from Minnesota [Mr. BLATNIK].

Mr. BLATNIK. Mr. Chairman, I yield 1 minute to the gentleman from Louisiana [Mr. PASSMAN].

(Mr. PASSMAN asked and was given permission to speak out of order.)

Mr. PASSMAN. Mr. Chairman, circumstances over which I have no control make it advisable for me to inform the Members of the House that the leadership has now assigned September 19 as the date that the foreign-aid appropriations bill for fiscal 1963 will reach the floor for consideration.

Our committee is prepared to come to the floor at an earlier date, but primary election contests and other considerations have influenced the decision made by the leadership with regard to the action on this measure.

May I say to the House, however, that the Members need not fear that any damage will be done as a result of this delay in the 101 nations of the world where we have an aid program going, starting or planned. The fact of the matter is, if the Congress should adjourn sine die without even passing a foreign-aid appropriations bill sufficient funds are on hand, from prior years' appropriations, to operate this worldwide program at the present rate of expenditures, full steam ahead, for 25 painful and expensive months for the overburdened U.S. taxpayers.

A recapitulation of the funds already available to the program, without the new appropriation, will be mailed by me for the personal attention of every Member of this House not later than Friday of this week.

Mr. BLATNIK. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. COOK].

(Mr. COOK asked and was given permission to revise and extend his remarks.)

Mr. COOK. Mr. Chairman, I rise today in support of H.R. 10113, and in support of that pending legislation I would like to say a few words this morning in behalf of the many unemployed workers of this Nation and of the 11th Congressional District of Ohio which I have the honor to represent here in the House of Representatives.

Mr. Chairman, we recently had the opportunity to visit our respective congressional districts for a period of approximately 10 days while they were catching up on business in the other body. During this period of time I had the opportunity to travel throughout the 11th Congressional District of Ohio visiting many of the cities and villages, as well as the rural areas of that congressional district. I found that many of the men and their families are considerably upset by the fact that the Congress of the United States has seen fit over the years to appropriate literally billions of dollars to help other nations of the world. We have talked about new depreciation schedules and tax relief for business. We have passed many pieces of legislation of benefit to nearly every segment of our society. But the question that these people raise is, What is the Congress of the United States doing about the 4-million-plus unemployed in this great land of ours? True, we have passed legislation such as the area redevelopment legislation, and we have passed other bits of legislation designed to assist people who find themselves in this unfortunate situation. But the question is, what are we doing to try to put them back to work; what are we doing to make it unnecessary for them to be the recipients of unemployment compensation or welfare from the State or county in which they live?

Up until this time this has been a hard question to answer because, frankly, we have not done as much as we should during the past several years to correct this important national problem. I say to you that not only in my district but throughout the entire country many of these people have been unemployed for long periods of time. In my district alone at the present time approximately 11,000 have been unemployed for such a period of time that they have exhausted their unemployment compensation. They are available for any kind of work but are having great difficulty in finding it.

This brings us to the bill before us today, a bill which authorizes an expenditure of $900 million to accelerate certain public works programs in these redevelopment and labor surplus areas which are so prevalent in congressional districts such as mine in an effort to assist those who have been out of work for such long periods of time to get back on the job, to earn a wage that they are able to take home to support their wives and children. So the test we face here in the House on this vote is in reality whether we are willing, in view of the economic circumstances throughout the country at this time, in view of the large number of unemployed and the large number of those who have been unemployed for such a lengthy period of time, to authorize an expenditure of $900 million to try to put some of these people back to work. It is going to be hard to explain to the people who are out of work in our respective districts, if we are willing to expend billions for foreign aid, if we are willing to consider legislation and administrative action to help business, if we are willing even to consider an increase in pay for Federal Government employees, why we refuse to consider favorably legislation which will have the effect of creating hundreds of thousands of jobs, that will give these unemployed workers a chance to get back on the payroll, to get off the relief rolls, and get off the unemployment compensation rolls and once again become an active part of our economy.

Mr. AUCHINCLOSS. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. AYRES].

Mr. AYRES. Mr. Chairman, I, too, share the concern of my colleague, the gentleman from Ohio [Mr. COOK], whose district adjoins mine, for those who are unemployed. The congressional district that I represent is not entitled to direct loans for veterans from the Veterans' Administration, but having been a member of the housing subcommittee and now the ranking member of the Veterans' Affairs Committee I have followed this program very closely for 11½ years.

Last April 3, I received a letter from Mr. C. J. Haggerty, who is the president of the Building and Construction Trades Department of the AFL–CIO. This is his letter:

DEAR CONGRESSMAN AYRES: I want to thank you for your letter of March 19, concerning the freeze on the direct loan program of the Veterans' Administration.

This action of the Veterans' Administration is especially serious at this time when the Commerce Department has just announced that homebuilding declined for the fourth month in a row. Significantly the report states "Relatively little stimulation in the construction of new homes is coming from the 1961 Housing Act."

Officials from the Veterans' Administration claim that this action is only temporary and that they can still use the $300 million not yet released in some other fiscal year until 1967.

I agree with you that with over 30,000 veterans housing loan applications on file and with VA housing starts running at a rate of only about 7,000 a month, with unemployment in construction in February at 19.8 percent rate, this is the time to stimulate, not retard, housing activity.

We think your request for a congressional hearing on this matter will go a long way toward convincing the administration that a reappraisal of the Veterans' Administration decision should be made quickly.

Sincerely yours,

C. J. HAGGERTY,
President.

What happened? If there is one committee in this House that is not political it is the Veterans' Affairs Committee. We called the Veterans' Administration officials before the committee. I should like you to listen to some of the testimony that Mr. Driver gave to the committee in attempting to justify their action, at the request of the President to refuse to grant the millions of dollars this Congress had authorized and appropriated for the veterans to get direct loans:

Mr. AYRES. Now, Mr. Driver, going back to some of the testimony you gave here 3 or 4 years ago, defending the direct loan program and stating that you could use more money, let me ask you this. If the President had

not issued his statement on October 26, 1961, you would have stopped taking applications?

Mr. DRIVER. Stopped sending out from the waiting list?

Mr. AYRES. Would you have stopped sending out?

Mr. DRIVER. We haven't stopped that. I don't want to belabor the point. What we are not doing is sending out notices to veterans on the list and saying, "We have money for your loan."

Mr. AYRES. Would you have gone to the Treasury and drawn more money if the President had not issued his orders?

Mr. DRIVER. Some.

Mr. AYRES. How much?

Mr. DRIVER. It is difficult to say.

Mr. AYRES. Would you have drawn it out to eliminate the waiting list?

Mr. DRIVER. No, sir; by no means, not this year. I don't know that we are going to eliminate the waiting list with the money available. This waiting list gets longer and longer as the hours go by, especially putting out money.

How much was involved? Nearly $400 million.

The gentleman from Ohio [Mr. McCULLOCH] called me last November and said:

I am getting many requests from veterans in my district who say that the Director is telling them they were not able to get the money to give the veteran a loan.

I received requests from gentlemen on both sides of the aisle. And the chairman of this subcommittee was not a Republican. It was the gentleman from Missouri [Mr. RANDALL], who I must say did a wonderful job pinpointing the fact that the Veterans' Administration admitted they had the money, nearly $400 million, but they said we are not going to give it to you. Bear in mind this was just last April. But to show you there is no politics in the Veterans' Committee, our chairman, the gentleman from Texas [Mr. TEAGUE], after the hearings introduced House Concurrent Resolution 472 on April 19, 1962. This resolution reads as follows:

Whereas Public Law 87-84 was enacted among other purposes to liquidate the large waiting list of veterans residing in small towns and rural areas who had applied for direct loans for housing; and

Whereas substantial amounts of money were authorized for this purpose, totaling $700,000,000 through June 30, 1962; and

Whereas the Veterans' Administration has not seen fit to implement this law fully by requesting the full amounts authorized for the direct loan program; and

Whereas such inaction has resulted in the creation of a waiting list for direct loans in excess of forty-three thousand: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the failure of the Administrator of Veterans' Affairs to request in full the amounts authorized to be advanced under section 1823(a) of title 38, United States Code, by the Secretary of the Treasury for making of direct loans under section 1811 of such title 38 is inconsistent with the intent of the Congress in the enactment of Public Law 87-84, and the Administrator should, as promptly as possible, request the advancement of the full amount authorized.

That is to release the $700 million—immediately. What happened? There was no action taken. Those of you today who represent rural areas where a veteran can get a direct loan—just try to get him one.

Mr. McCULLOCH. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to my colleague from Ohio.

Mr. McCULLOCH. How many applications are pending in the Cincinnati area at this time, if the gentleman knows?

Mr. AYRES. Yes. I have these figures for our home State, I will say to my colleague from Ohio. In Cincinnati at the present time there are 961 veterans whose applications have been approved. The administrator there says he will be glad to issue the loans if Washington would let him have the money.

Mr. McCULLOCH. Which means that from $8 million to $10 million in construction money has been held up all these months, beginning as long ago as last October?

Mr. AYRES. That is correct. And as the resolution states, $700 million have been available in the last year. And there is nearly $450 million available right now. I happen to be fairly familiar with the construction industry. There is not anything, next to the manufacture of automobiles, that gives the economy a boost as much as homebuilding. Now I am beginning to wonder if they are holding this money up because they cannot determine where the veteran happens to live who wants to build a home—it might be in some district where it would not be advantageous to those who are making the decisions. I trust you will vote down this $900 million when they are sitting on nearly $500 million at the present time which would boost this economy a lot more than this legislation would.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield.

Mr. CRAMER. There was added at the last minute in our committee deliberations without any hearings in this $900 million, $300 million for title 5 (b) rural areas under area redevelopment with no effort, as I said on the floor yesterday, to try to get information from a number of those areas in the committee, in my opinion, without any hearings and with no recommendation from the administration. Does not the gentleman feel that if this problem of unemployment in rural areas is to be met, the best way to do it, because it results in more employment and puts more people to work immediately, would be to release the $450 million available in veterans' direct home loans and let home construction go forward and so employ more people for every dollar spent than any other type of industry and which could be made available to every one of the unemployment areas if the administration wants to put it in? That is what I meant when I said that there are other tools available which would accomplish the result more effectively than this bill does.

Mr. AYRES. The gentleman is absolutely right. And bear this in mind, it not only helps the economy where the home is being built, but when it comes to the bathtub that is made of steel or iron, it might even help out Hibbing, Minn., where they might sell more ore, and Pittsburgh might sell a little more steel and help other areas of the country, because the products that go into homes come from all over the United States.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. BLATNIK. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, the favorable and unpurposeful efforts which the Government of these great United States has made to manage its affairs, I fear, are beginning to present a sad and disheartening spectacle to the world and to ourselves.

Here we are, a country which is the alleged leader of the free world, and, whether we like it or not, the outstanding example in the eyes of the world of how a democratic, capitalistic society performs. We are an example that most of the world looks to for comparisons and contrast with the socialistic and communistic countries and the totalitarian countries.

Yet, for all of our alleged know-how and our great productive capacity, we cannot seem to agree on ways to put our more than 4 million unemployed workers back to work, to put to use our idle productive capacity and our tremendous surpluses of raw materials. We continue to live in poverty despite our alleged great wealth and our idle productive potential. Millions of families are unable to keep their children in school and the children are dropping out of school to search for menial jobs and roaming the streets, notwithstanding the fact that we all know that the trends in our country leave no room for the manual worker and our continued advance in the field of science and technology in modern industrial organizations calls for educated, trained, and healthy citizens.

What kind of sense does it make when we read in the newspapers about underground space stations and living quarters on the moon tomorrow? And we also read of these petty controversies in the Congress and the administration and elsewhere suggesting that we cannot manage our affairs of today to work sufficiently well to do the things we already know how to do.

What kind of performance is this? Two percent of our productive capacity idle. More than 5 percent of our labor force—people actively looking for jobs—totally without jobs. If you count the underemployed resulting from only part time jobs, 6.6 percent of the labor force is unemployed; and if you count also the fact that since labor skill unemployment has long been with us and the number counted in the labor force has not grown for more than a year, you find between 7 and 8 percent of our real labor force unemployed.

Why is this? Different people hold different theories. And different parts of the Government are pursuing different policies depending upon their theories.

The administration is following generally expansionary policies or at least recommending moderately expansionary policies to the Congress while the Federal Reserve System continues to pursue as it has for many years a highly restrictive and deflationary policy.

We live in a money economy and a money economy cannot grow at a much more rapid pace than its supply of money grows. But for reasons best known to themselves the monetary authorities have long been restricting the growth in our supply of money which means also the Nation's supply of credit. At the end of 1953, for example, the Nation's money supply equaled 36 percent of the gross national product of that year. Today the money supply is down to only 26 percent of the gross national product, and all indications are that the Federal Reserve authorities intend to reduce it even further. This has meant a constantly rising trend in unemployment and a constantly rising trend of idle productive capacity. It is a policy which should be changed. There is nothing fundamentally wrong with our private free enterprise system as I see it. It is a completely workable system, one in which the desire for income, jobs, and profits tends quite naturally to bring about full employment and full utilization of productive resources and a constant increase in both the volume and efficiency of productive resources. But monetary policy is something that the President cannot do anything about, or at least he apparently feels that he cannot do anything about it, and I must be frank to say that I do not think that this Congress would be any more willing to enact the legislation that is needed in this field than it has been willing to enact the legislation which is needed in other realms of the economy.

There is still another general and basic problem. There is now considerable evidence to support the view that within the framework of present monetary policies the present level of taxes is too high in relation to the present volume of Government spending, large though that volume be. There is considerable evidence that our money economy is adversely affected, by the fact that tax rates begin to take out substantially more money than is spent by the Government at high levels of employment. But there is not agreement, or anything approaching agreement, as I see it, on what the proper solution to this problem is. Many people think that the proper solution is to make tax reductions which would encourage consumption and encourage employment and the use of the productive capacity we already have. On the other hand, the Treasury seems to be recommending tax changes which would change the income distribution in favor of the high income classes and in favor of the corporations and thus stimulate more savings. In any case it is obvious that neither the administration nor the Congress is now prepared to act on a general tax revision.

So what can we do? Should we let people remain idle and in need, or shall we take at least this very moderate and inadequate step for a $900 million public works program to put people to work building facilities that are badly needed in the local communities?

Obviously this is a very moderate and a very inadequate bill. The President originally recommended, I believe, a $2 billion public works measure, and this was only one part of a package with many other small measures intended to cope with the problem. Those other parts of the package have not been enacted and the public works bill has now been cut down to only $900 million. Surely we can agree on and accept this small step.

Mr. AUCHINCLOSS. Mr. Chairman, I yield such time as he may require to the gentleman from New York [Mr. ROBISON].

(Mr. ROBISON asked and was given permission to revise and extend his remarks.)

Mr. ROBISON. Mr. Chairman, I rise in opposition to H.R. 10133, the so-called Public Works Coordination and Acceleration Act. My reasons for doing so are well summed up in a rather surprising editorial that appeared in the Washington Post last March 29. This proposal—said the Post—had "the earmarks of economic ineffectiveness and political mischief."

Since then, the amount proposed to be spent on such political mischief has been increased, but the probable economic ineffectiveness of what the Post also then referred to as "a new WPA, with priority on getting out the money and only secondary regard for what is produced by it," remains the same.

This legislation has had an interesting history. It began life as the so-called Standby Capital Improvements Act, a concept which along with the temporary tax-reducing authority the President requested last spring would—in the President's words—"constitute a new and powerful arsenal of weapons to combat the recessions which periodically sap the vitality of our economy."

However, on the day that we began hearings on that idea which—to my mind—may have had some merit to it, signals were switched by the White House which then suggested an amendment authorizing an immediate $600 million additional public works construction program for—again in the President's words—"those sections of our country which have failed to share fully in the economic gains of the recovery from the recession of 1960 to 1961."

It would seem, today, that there are many such sections of the country—at least as the same are defined in order to determine the eligibility for benefits under H.R. 10133. All told, there are some 149 large and small industrial labor market areas 767 rural areas, and 50 Indian reservations that are so eligible by virtue of their comparable eligibility for the glacially slow benefits that were supposed to be theirs under the Area Redevelopment Act, plus an additional 122 communities—including the Elmira area in my own congressional district—which have suffered from substantial unemployment for the better part of the past year. All of these are supposed to share in the President's bounty under H.R. 10133 but, even though the ante has been raised from $600 million to $900 million, it is obvious that the relief proferred hereunder will have to be spread so thin as to be mostly a sham and a delusion.

Mr. Chairman, what we have been offered here today is nothing more than a revival of the old WPA program of 30 years ago. Considering the notable lack of success that such an approach had a generation ago, it is surprising that the inventive and supposedly expert minds that surround our President were unable to come up with anything better than this New Deal retread.

What can hope to be accomplished? Well, when George Meany of the AFL-CIO testified before us on the original proposal he said a $600 million program would produce, at best, 225,000 temporary jobs—that is both onsite and offsite jobs. With close to 4 million still unemployed, it is obvious that a good deal more even than $900 million is needed if any real national benefit is to be realized.

Even so, this bill is—predictably—being presented as a compassionate measure. Anyone who opposes it, for whatever reason, is automatically tagged as being oblivious to the distress of the unemployed and as unwilling to do something about that distress which would, at the same time, to quote the majority report "build a foundation for future progress" by the Nation.

Of course, but—one might ask—what has this compassionate administration been doing on its own these past several months since it dawned upon it that this particular recovery was going to be the shortest-lived recovery in our history?

The answer to that is a great big nothing. Oh, of course, there has been a good deal of talk—talk about a possible tax cut, but that has been now ruled out; talk about how the economy was going to be stimulated by the President's tax bill, if it ever got out of the other body; talk about how, if that tax bill should somehow fail, there was always the bright promise of a tax-reform package the administration would unveil sometime after election day so as not to dim the luster thereof by such mundane things as politics, and, of course, talk about how the Trade Expansion Act, with all its hoped-for promise, would automatically provide us with new markets for our products—talk which ignored the hard fact that, even with that legislation, we will have to work hard for and deserve to have such new markets.

And, yes, there was talk about possibly extending unemployment insurance benefits once again with Federal assistance and now even that has been ruled out, though there is still talk of reviving another of those old New Deal programs—this time the Civilian Conservation Corps, though now under a new and much fancier name.

And we have had more of that same talk all yesterday afternoon, and we will have some more today, I suppose, and still more after that while an attempt is made—if this bill passes—to reach an agreement with the other body on the differences between this bill and the com-

parable measure it passed way back in May.

This talk has gone on since we began those hearings on that original proposal on last March 26—5 months ago—it has been going on since we filed the report on this bill last June 2.

And, if the economy has been getting any stronger in the meantime, it is difficult to see exactly where.

What, if anything, can we and should we do about stimulating that economy? Well, if the lessons of history mean anything at all, we ought to be able to recognize the fact that, when the well is leaking—as the economic well is, today—pump priming of this sort only wastes further water.

Quite obviously, we are in the midst of something other than a cyclical sort of a recession. Instead, we are caught up in a technological revolution that presents not only a global challenge but a global opportunity. The tools and the ingredients for accepting that challenge, and for grasping that opportunity, are inherent in the vital, driving force that is the free enterprise system, but yet a force that has been operating under the damper of governmental control and confiscatory taxation for all too long.

All that is missing—for a great and urgently needed forward movement on the part of this Nation—is a willingness on the part of Government to lift those twin restraints, and a restoration of its own faith and confidence in the underlying strength of that force. An indication of the need for such confidence—the lack of which cannot help but be mirrored by private industry—can be gained by reference to the fact that, a few short months ago, industry had planned to spend this year some $37.2 billion—billion, that is, as compared to $900 million under this bill—on new plant and equipment. It is now doubtful that any such expenditure will be made—for which this administration must share some blame—and the tragedy of this is all the more evident when it is realized that the countless jobs that would have been thereby created would have been permanent in nature.

Leaving all that to one side, is there still anything that recommends this frankly stopgap measure to us?

Is, despite all these other considerations, H.R. 10133 a necessary, emergency action that Congress must now take, on its own, in an almost total vacuum of other, more responsible action on the part of the administration?

The answers to both such questions are "No." In fact, as has been so ably demonstrated by the gentleman from California [Mr. BALDWIN], there are close to $2.5 billion worth of noes to those questions. It is not necessary for me to repeat that information here, today, but I must say that the administration must also shoulder the responsibility for whatever has been the economic effect of its slowdown if not downright freezing of construction funds under other, going Federal programs of one kind or another.

Perhaps not all of those programs would have lent themselves to the same objectives now attributed to H.R. 10133, but many of them would and, with a properly selective administrative effort, could have been channeled into areas of economic distress. The only apparent reason why the administration did not make such an effort is that it must have preferred the political weapon that H.R. 10133 would be in its hands; especially since, under it, all the various ground rules which Congress, in its wisdom, prescribed for those existing programs would have been thrown out the window. It would seem obvious that those ground rules could only have restricted the administration in its political mischief, as the Post put it.

Bad as that may be, we finally were also told on yesterday that the last vestige of the original concept of a shelf of authorized and approved public works projects on which planning was to be kept well advanced for its use as an anti-recession weapon was to be wiped out of this bill. As I mentioned earlier, such an idea, properly worked out, could have had considerable value. Whether it would so work out or not, we evidently will not know, and I suspect that there are others who share my disappointment in this further evidence of a lack of acceptance of the responsibilities of leadership by this administration.

Mr. Chairman, as that Post editorial also said, this administration should have been able to think of something better than this bill now before us. I wholly agree, and I hope it is resoundingly rejected.

Mr. AUCHINCLOSS. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. HARVEY].

(Mr. HARVEY of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HARVEY of Michigan. Mr. Chairman, there are many reasons for opposing H.R. 10113. There are well expressed in the minority views starting on page 44 of the committee report. Historically, it has been recognized that one of the difficulties with this sort of program is that it does not provide the needed employment until recovery is underway. Another difficulty which became apparent in the thirties was that digging irrigation ditches and construction work generally did not put many unemployed steelworkers nor idle manufacturing employees back to work. Furthermore, I do not see how we can possibly justify this program when the administration has deliberately avoided obligating funds, which have been appropriated by Congress for other purposes which funds could produce much more genuine employment than the expenditure of the money here involved.

In addition to these reasons, I would like to call the attention of my colleagues to some other reasons why this bill should be defeated.

First. Dr. Heller himself, in response to questioning during the hearings, conceded the inflation that has taken place, and I quote from page 41 where he said:

> If you look at the price indexes for the whole postwar period you will find that the price index for construction has probably risen faster than the average, rather than slower than the average. I would grant that point.

More public works will not, in my opinion, improve this problem, but if they continue after recovery, as has always been the case, they will only serve to make matters worse.

Second. I point out that there is a tremendous duplication of effort here. I feel sorry for some of our mayors today, for certainly they must be confused. Suppose, for example, a mayor of a city in a redevelopment area were to come to Washington today seeking money to build a waste treatment plant. Where should he go? He can go to Mr. Hodges' Commerce Department, which administers the Area Redevelopment Administration, and get 100 percent of the waste treatment plant, or he can go to the Department of Health, Education, and Welfare and get 30 percent of the waste treatment plant under the water pollution bill we recently passed, or he can go to the Housing and Home Finance Agency and borrow whatever he needs from them. Now, under this bill he can go to President Kennedy as well. In my judgment, this approaches the point of being ridiculous, and this bill will only add to the present confusion.

Third. Cities are having no trouble today financing public works projects on their own, even though they are in a redevelopment area. Witness Cushman McGee, representing the Investment Bankers of America, gave a detailed report before the committee making this point clear, and he finally concluded on page 351 as follows:

> Frankly, I do not know of any single case in the United States where an investment dealer has condemned any municipality as being of unfavorable credit standing because of being classified on the Federal list as being in a redevelopment area.

Mr. Chairman, for all of these reasons this bill should be defeated. I might also mention that during the hearings the Washington Post concluded about this program of public works that—

> A program of this sort has the earmarks of economic ineffectiveness and political mischief.

And then said:

> Almost 30 years after the invention of that institution (WPA), the administration should be able to think of something better.

I wholeheartedly agree.

Mr. AUCHINCLOSS. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. PELLY].

(Mr. PELLY asked and was given permission to revise and extend his remarks.)

Mr. PELLY. Mr. Chairman, in expressing strong opposition to H.R. 10113, the $900 million public works acceleration bill, I would like to set forth my reasons for urging the defeat of this legislation.

Mr. Chairman, if I were a member of the majority party, feeling as I do, I would certainly follow the dictates of conscience and vote against this legislation.

By the same token, Mr. Chairman, feeling as I do, if my own party were in

control and was seeking enactment of such a measure I would likewise vote against this legislation.

During the debate on the rule which made this bill in order for consideration by the House, my good friend from Kansas [Mr. AVERY], speaking as a Republican, warned Democrats that this bill might help them politically now but later it could work against them when the Republicans come into power.

Mr. Chairman, the implications of such a statement could be that minority opposition is based on partisan political objections.

Let me hasten to say, Mr. Chairman, that I am not trying to read any meaning into my friend's words. Rather, I want to clearly and positively state a so-called boondoggle bill should be opposed because it is poor legislation and not because it might be used for or against the partisan interest of one or the other political party.

This bill is bad legislation. As previous speakers have pointed out, it is not needed because already there are almost $8 billion of projects authorized and properly approved on a case-by-case basis by Congress. These latter projects have been properly screened and approved as to individual merit by the Bureau of the Budget and Congress.

But for the Congress to abdicate its constitutional responsibility and delegate its powers to the President, as this bill would do, is wrong. This $900 million is not in the budget. There is no justification for it. Already the President has plenty of standby spending authority. All this does is set up a huge standby slush fund for political use to win votes and elect friends.

On August 14, 1962, the Secretary of Commerce authorized release to the States of $1.9 billion additional obligational authority under the Federal-aid highway program. In addition the administration already has more than $2.5 billion of funds available under previous congressional authorizations. If it comes to pump priming these are sufficient.

The other day the President proposed a tax cut effective January 1, 1963. Thereby in fiscal 1963 there would be not the $3.8 billion deficit estimated previously but with a $3 billion tax cut the amount of the deficit would be almost double that. Now with this proposed public works acceleration bill the prospect is for an $8 billion deficit in fiscal 1963.

This is on top of the peacetime record of the 87th Congress referred to by the gentleman from Virginia [Mr. SMITH]. He cited that for the first time except in war Federal expenditures this year will exceed $100 billion—a 25-percent increase over last year. He cited that for the first time except in war the national debt has exceeded $300 billion.

Mr. Chairman, the issue, however, is more important even than one of fiscal responsibility. It is even more one of Congress completely abdicating power, the power to approve specific appropriations for specific projects.

I oppose giving the executive branch unilateral authority, without consulting Congress, to allocate funds to any project or program, including public housing projects. It is one-man rule and not in accordance with the Constitution.

This is a dangerous precedent and as I said at the start quite unnecessary.

The far-reaching adverse effects of such legislation and such pork-barrel procedures should never be granted. It represents more centralization of government as against the power of local decision and control. I am unalterably opposed to this bill. It must be defeated.

Mr. AUCHINCLOSS. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. HALL].

(Mr. HALL asked and was given permission to revise and extend his remarks.)

Mr. HALL. Mr. Chairman, I oppose H.R. 10113, and I think it is a further demonstration how far down the road we have gone toward one-party autocracy when it is possible for this kind of legislation to reach the floor of the House. This bill bypasses the normal appropriation process and permits one man to dole out public works projects according to where he thinks they should go and without any concurrence or approval by the Congress.

Whatever gives Congressmen the wild notion that the executive branch would play politics with the $900 million authorized to be spent by him in this bill? The simple fact is that this is exactly what he did with the $50 million authorized under the Department of Agriculture food stamp pilot program, which contains the same kind of authority which we have under consideration today in the standby public works bill. In addition we are reneging on additional legislative responsibilities which are constitutionally ours alone.

In fact, the food stamp pilot program served as a testing ground for the standby public works bill. It showed the Chief Executive how much he could "get by with," and how far he could play politics with public funds.

And, Mr. Chairman, he found out he could do quite well. Of the 26 congressional districts selected for participation in the food stamp program, 25 are represented by Democrats. One would think that all of the needy unemployed people in the United States live in congressional districts represented by Democrats. Not just ordinary, everyday, run-of-the-mill Democrats mind you. But the chairmen of some of our most powerful committees, and in fact, the majority leader himself.

Democrat districts were selected which are not even classified as depressed areas, while Republican districts including one with the highest unemployment rate in the United States were turned down—in fact ignored. Yet this is the same authority which the administration now seeks today. Today food stamps. Tomorrow, public works projects. Who knows what the day after tomorrow?

And let me assure my colleagues on the other side of the aisle, lest they lick their chops over the expectation of handouts from their leader, that he is going to be quite selective over whom he bestows these projects. "How did you vote on foreign aid? How do you stand on government medicine? What is your attitude on the farm bill?" These are going to be some of the political considerations that go into the selection of public works projects; and I might add that the answers to these questions will play a far more important part than the degree of unemployment, or whether your district is classified as depressed or not.

Is it any wonder that the Members on this side of the aisle along with the disenchanted on the other side are opposing the kind of authority which the administration seeks today? It is like the Ozarks fisherman who was amazed at the struggling of a fish he caught. "What you squirming for, little fish?" he asked. "I ain't going to do nothing but gut you."

Mr. Chairman, I for one, do not propose for the district I represent in southwest Missouri to be gutted. We have a regular authorization and appropriation process whereby the Congress considers public works projects, holds hearings, considers budgetary limitations, and then makes decisions. The success of this approach was demonstrated only 2 weeks ago today when we passed the public works appropriation bill.

Furthermore, let me point out that Senate Report No. 1908, published August 22, 1962, by the Senate Committee on Agriculture Appropriations, has recommended that the executive authority now permitted in the handling of the food stamp program be scuttled and that we revert to the normal legislative process. The report states that beginning in fiscal year 1964 "the program cost of the food stamp plan also be justified and appropriated for in the regular manner."

Mr. Chairman, I suggest that the same recommendation is applicable to the bill before the House today, and that the Members refuse to grant this additional power grab to the executive branch.

It is poor practice, it establishes a bad tradition and precept, and is poor legislation, I trust our discerning colleagues will exercise their judgment and vote it down.

Mr. AUCHINCLOSS. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. RIEHLMAN].

(Mr. RIEHLMAN asked and was given permission to revise and extend his remarks.)

Mr. RIEHLMAN. Mr. Chairman, this bill is noble in its intent, that of putting the unemployed back to work, but, I fear, seriously misguided in its approach.

Stripped to its barest essentials, it represents a make-work program in the finest tradition of the WPA.

There are several reasons why I believe this is unsound legislation. This bill would not achieve its stated purpose, that of providing immediate work for a substantial number of unemployed. Public works construction has never been effective in achieving desired results during an economic recession. There is a normal period of from several months to 2 or more years between the time a

project is financed and the work is actually begun.

The Bureau of the Budget has reviewed governmental activity during the recession of 1958 and reports that the deliberate antirecession actions, such as this would be, while including some of the largest items in terms of expenditures, actually made an extremely small contribution in relation to their budget cost or were poorly timed.

This appears to be borne out by the testimony in support of this bill. Even the most optimistic predictions indicate that it would create a maximum of 125,000 jobs which would last 2 years at the very outside. With unemployment resting at 4 million it can readily be seen that this bill would not begin to scratch the surface. Yet it is represented as a major effort to overcome the present problem of unemployment. I am afraid this is little more than a cruel hoax. Its expenditure of $900 million—which would have to be added to the national debt—would be too high, and its impact on unemployment would be too little and, as has traditionally been the case, too late.

In addition, this bill would establish another Federal agency, a new level of bureaucracy which would coordinate and accelerate public works programs. To put it as nicely as I know how, such an agency is totally unnecessary.

The bill would affect only those areas of the country which have been officially designated as economically depressed. It is not aimed at solving their long-range unemployment problems. It is at most a temporary palliative which will have provided a very small percentage of the unemployed with limited job opportunities and, in a day and age when we need to establish national spending priorities as never before, will have resulted in the construction of such vital items as local streets and sidewalks.

Another important reason for my personal opposition to this bill is that it further surrenders congressional control of the Nation's purse strings. It gives the President unprecedented blanket authority to use appropriated funds in such amounts as he may determine for programs and projects of such types and at such locations as he may select. This bill may not have much potential for benefiting the economy, but its political potential is undeniable.

Furthermore, it must be noted that the Department of Commerce has just released nearly $2 billion additional obligational authority to the States under the Federal-aid highway program for the current fiscal year. This is in addition to the regular highway funds for this year and will pump a substantial sum into the Nation's economy. We also know that there are $2.5 billion of funds available to the administration under previous congressional authorizations which could be utilized to bolster the economy.

Frankly, Mr. Chairman, it seems incredible to me that a bill of this kind is even being considered at this point in time when the failure of Federal makework projects has been amply demonstrated and when one of the major deterrents to a much-needed tax cut is the prospect of a $9 or $10 billion deficit this year on top of a $7 billion deficit last year. By continuing this type of irresponsible activity, we are only prolonging the day when we will come to grips with our really deep-seated economic problems.

What our economy needs more than anything else is a dose of fiscal responsibility in Government accompanied by a thorough revision of the tax structure to encourage capital investment, to promote growth and modernization of business and to offer needed relief to the individual taxpayer.

Mr. AUCHINCLOSS. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. BENNETT].

Mr. BENNETT of Michigan. Mr. Chairman, if the title of this legislation were changed to read: "The Foreign and Domestic Public Works Act, 1962," there would be little doubt about its passage in the House of Representatives. The word "foreign" in any legislation that comes before this body gives it a bipartisan flavor that attracts Members on both sides of the aisle who feel very strong obligations to commit our Treasury and our taxpayers to countries across the seas. So I suggest to my friend from Minnesota if he has any doubt about this bill passing today, he merely offer an amendment to change the title, calling it the Foreign and Domestic Public Works Act, 1962, and increase the amount to $1,800 million, so that $900 million may be spent overseas and $900 million may be had by our own people. He will thereby assure its passage.

Mr. BLATNIK. Mr. Chairman, will the gentleman yield?

Mr. BENNETT of Michigan. I yield to the gentleman from Minnesota.

Mr. BLATNIK. Is the gentleman suggesting that his side of the aisle that is overwhelmingly opposed to this measure would be enticed or induced to support this bill if we added the word "foreign"? If he could convince us that we could get support from that side, I would certainly support the gentleman's amendment.

Mr. BENNETT of Michigan. I have not suggested which side of the aisle would be most attracted. I must say that the votes that have been cast here on foreign aid programs are pretty well equal on both sides of the aisle. A strong minority, which, fortunately, is increasing year by year but is still a minority, is opposed to this kind of continued abuse to the American taxpayer.

I was asked a question yesterday, What is the relationship between the pending bill and the reciprocal trade agreements program? Those are two separate bills.

Let me briefly tell you, if my colleagues will reflect for a few moments about the effects of our foreign aid program upon our own citizens.

Mr. Chairman, this bill has been referred to as a "boondoggle." The money we have spent on foreign aid programs has been "bamboozle" money, I would call it. It has been wastefully spent for the most part, almost always uneconomically spent, and in many cases fraudulently spent. But still we go on and on appropriating money and spending it for foreign aid programs. We are giving it to dishonest and corrupt politicians all over the face of the globe and justify it on the ground that somehow or other it is going to help keep world peace. It has been wishful thinking.

Mr. Chairman, permit me to get to the point as to how I connect these programs with the pending bill. This foreign aid program of ours has been used to build factories—manufacturing plants—in practically every country in the world. As a result of it they have modern, up-to-date manufacturing plants because they have had American money, whether it has been under the point 4 program, whether it has been money from the International Bank or the Export-Import Bank, or from any of a dozen lending or, more accurately, giving agencies of this Government. So, the Japanese today have manufacturing plants that are not antiquated as compared to ours. In fact, the Japanese have many manufacturing plants today with assembly lines and productive capacity that equal or exceed our own. They have got the machinery, they have got the plants, and they have gotten most of it with our money.

Mr. Chairman, on top of that the Japanese pay their workers a substantially lower wage rate than our people are paid. What has been the result? They produce as effectively, they produce as efficiently as we do, and they put their goods on our shores duty free and undersell the goods that are manufactured by our workers in our industries. Thus our workers and industries are put out of business. That is what has happened to the domestic iron mining industry, which is a most important industry in this country, and of which a substantial part lies in my congressional district. There is also a substantial segment of this industry in the congressional district represented by the gentleman from Minnesota [Mr. BLATNIK].

Mr. Chairman, I would like to call attention to the effects of this disastrous type of competition that we have had resulting from the giving of our own money to foreign countries that has caused so much unemployment in our own country.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. AUCHINCLOSS. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. BENNETT of Michigan. Would the gentleman from Minnesota [Mr. BLATNIK] yield me additional time?

Mr. BLATNIK. I yield the gentleman 2 additional minutes.

(Mr. BENNETT of Michigan asked and was given permission to revise and extend his remarks.)

Mr. BENNETT of Michigan. Mr. Chairman, a substantial part of the unemployment we have today is caused by our free trade program, and I do not mean the free trade program that was brought in here by the Committee on Ways and Means and passed a few weeks ago. I am not talking about that pro-

gram at all. It is the present program that has put hundreds of thousands of American workers out of their jobs and put hundreds of plants either out of business or caused them to substantially reduce their operating capacities. You will know it if you will make a survey of your own districts.

So I ask the Members of the House to look around in their own congressional districts and see for themselves the inroads that this insidious foreign trade policy has made upon the workers and upon the industries in their own territories. They will have no difficulty finding a direct connection between our large and persistent unemployment and the reciprocal trade legislation, which in large measure is responsible for our troubles.

Mr. Chairman, the House of Representatives in recent weeks has sought to multiply our unemployment difficulties by enacting a trade bill which completely abrogates the power of Congress to regulate foreign trade. It gives the President of the United States arbitrary authority to reduce tariffs in his sole discretion without the consent of Congress or anyone else. It is a delegation of more power to the President of the United States in time of peace than has ever been heretofore granted to any President in the entire history of our country. This excessive grant of power gives him a stranglehold over the entire economic life of our Nation.

Many of those who supported that vast delegation of authority to the President are the very ones who are complaining that this public works bill authorizing the expenditure of $900 million is an excessive grant of authority to the President. By comparison, this latter bill is peanuts.

Mr. Chairman, the principal difference between the recent trade bill passed by the House and the pending legislation is that the trade bill will bring about additional unemployment. The pending public works bill will provide additional employment. The trade bill will create additional jobs for people in foreign countries. The pending bill will create jobs for American citizens. I do not contend, Mr. Chairman, that the enactment of this public works bill is the cure-all for our problems. I recognize that its effect will be temporary. The real and only cure for the curse of a large part of our continued and persistent unemployment is the enactment of realistic and effective tariff and quota regulations which will at least give the American producer and the American workingman an even chance with the foreign producer and the foreign worker. Is it unfair to ask for this consideration?

The CHAIRMAN. The time of the gentleman from Michigan [Mr. BENNETT] has again expired.

Mr. BLATNIK. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. BAILEY].

(Mr. BAILEY asked and was given permission to revise and extend his remarks.)

Mr. BAILEY. Mr. Chairman, I rise in support of H.R. 10113.

I consider this bill as one of the most important measures in our fight to reduce unemployment. It will contribute more to the economic rehabilitation of the areas of chronic unemployment than any other single piece of legislation we have had before us during the 87th Congress.

We lose much of the effectiveness of both the ARA and community facilities acts if we fail to approve of this bill.

If this bill is enacted, and fully implemented, it will enable many communities in West Virginia to speed up construction of vital community facilities. The projects I have in mind are not "boondoggles," as our Republican opposition would like to have us believe.

The types of projects that are immediately eligible for matching grants in my areas of West Virginia are all of great value. Most of them are for modern sewage or water systems, vital to the health and welfare of the local community. They are also vital to the health and welfare of communities in Pennsylvania, Kentucky, Ohio, Indiana, Illinois, Missouri, Tennessee, Arkansas, Mississippi, and Louisiana. These projects will reduce some of the pollution which the Mississippi eventually carries into the Gulf of Mexico. The folks living along the lower Ohio and Mississippi certainly would not think of as a boondoggle any project which reduced the pollution flowing past their front doors.

Of prime importance, however, are completion of sewer and water projects, which will make individual communities more attractive for economic development.

The help of ARA in this aspect will be more effective with these worthwhile community improvements. Our manpower retraining program will be more meaningful if jobs become available at home for the new skills that will be developed.

This is a vital bill; a bill that will provide a capital investment in America that will pay dividends for years to come.

I would be remiss in my duty to the ideals of our Nation if I failed to take exception to the 25-minute tirade of the gentleman from Florida [Mr. CRAMER] when he played the role of hatchetman on H.R. 10113.

I am sure the members of the Committee will not be misled. It is generally known that a large number of his constituents are coupon-clipping bondholders many of them from my State of West Virginia. After they had bled our State dry, they then moved to his State, a taxpayer's haven, to avoid paying taxes. They would be expected to send an "economic royalist" to Congress.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. Mr. Chairman, I decline to yield. I tried three times yesterday to get the gentleman to yield to me, and he declined.

Mr. CRAMER. Mr. Chairman, perhaps I should ask that the words be taken down. He cannot castigate the people in my district without my having something to say about it.

The CHAIRMAN. Does the gentleman from Florida ask that the words be taken down?

Mr. CRAMER. I will again ask the gentleman if he will yield to me for 1 minute.

Mr. BAILEY. I said I would not yield. He has time over there.

The CHAIRMAN. It is obvious that the gentleman from West Virginia declines to yield.

Has the gentleman from Florida demanded that any words be taken down, and if so, will he state the words?

[Mr. CRAMER addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. EDMONDSON. Mr. Chairman, I yield 8 minutes to the gentleman from Illinois [Mr. GRAY].

Mr. GRAY. Mr. Chairman, as we come to the close of the debate on this most important bill, I think the question is whether or not we are willing to help the 4 million-plus unemployed in America. We have had a lot of extraneous issues injected into this debate. I think it all boils down to the simple question, Are we going to give Americans who need help the most a little hope. Yes, a decent chance to earn a decent living?

I would say in all seriousness to my friends who are in opposition to this bill that I think if they will listen to this poem I am going to recite they will rise up today and aid us in passing this bill. Listen to these words:

I once had a neighbor who built a wall,
A wall unfriendly, grim and tall;
But I felt this neighbor could not be bad,
Perhaps the man was timid, or even sad.

So I built a tower by his wall so grim,
Then I looked down and smiled on him.
This timid man's heart was noble and great—
He broke the wall and built a gate.

Would it not be wonderful if all of us today would tear down this wall around our hearts and our districts and build a gate and open up this gate saying to those who are out of work, "Yes, we want to help you. We are going to give you a chance to earn a livelihood for yourselves and your families." I believe if we would do that today there would no question but that this bill would pass without a roll call vote and instead, by unanimous action of the House.

The argument is advanced here that this is going to throw the budget out of balance. Where is the money coming from, we have heard time and again. Let me tell you where it is coming from. You are paying the cost of this program today. Let me give you my own State of Illinois as an example. Get this, if you will, please. Illinois is spending over $300 million for relief and related welfare programs. One-third of the entire cost of this bill will be paid by the State of Illinois this year in relief and welfare programs. The Illinois Legislature had to call a special session for this year and raise the sales tax to almost 4 cents on the dollar, and we are still going to be about $100 million short. Where is this money to come from? Much of it is going to come from matching funds from the Federal Government, which means this Congress will have to appropriate for the State of Illinois alone between $100 million

and $150 million for relief and welfare programs for 1 year. I say to you today this is not a question of unbalancing the budget. This is a question of balancing the human budget. And I am surprised that so many people will stand here asking about where the money is coming from, when you are paying it today in funds that are not returnable.

The new Area Redevelopment Administration is doing a good job with the complicated law they have to administer and the amount of funds with which they have to work. I am holding before me a chart that will illustrate beyond a doubt, what ARA and Government assistance can and is doing for an area. Carbondale, Ill., was fortunate enough to get the Technical Tape Corp., of New Rochelle, N.Y., to open a plant expansion. With a $455,000 loan we will bring approximately 600 to 1,000 new jobs into this area with annual payrolls of $4,333,000. In addition, for a $455,000 Government loan we will bring back to the Federal Government $226,800 in yearly income taxes. We will save the Government $343,000 in unemployment insurance. The welfare savings will amount to $96,000 a year, and rent to the community will amount to $30,000. Which means that for a $455,000 loan that is going to be paid back with interest the first year we get back $600,000 and some odd to the Federal Government and bring in $4 million in payrolls every year.

This is a planned expansion. It does not exist today. This one vehicle of a little Government aid has been an incentive. It is planned to expand an existing industry and bring new jobs. So I say to you if we can pass this bill today and provide the $900 million, we will give many incentives to these small communities where there is unemployment and make these areas more attractive to industry and bring back untold dollars into the Federal Treasury. So this is not a handout. This is not a dole. It is a program that is going to help every American. There is no such thing as putting money into one district and hardly anything in another. To give you an example, my district has lost 80,000 people since World War II by the census. Where have they gone? They have gone to Carlsbad, N. Mex., to New York City, Detroit, Chicago, and other places. When an unemployed person goes into your district he is competing with you or your workers and if he is not fortunate enough to get a job, that unemployed person is going to be on your relief rolls and surely get a handout in your district. So this is not an area matter. This is not a district matter. This is a matter that affects every person in every district.

I have one other point in closing. I cannot help getting a little partisan here, because in the 1960 campaign Mr. Nixon came to my district and Mr. GOODELL, the gentleman from New York. I do not see him on the floor, but he came into my district in what was known as the so-called truth squad. You remember they followed Mr. Kennedy around and they were supposed to tell the truth and were telling what the Republicans were going to do if they were elected and what the President was going to do. They said to my people—30,000 unemployed—they said give us a Republican Congress, give us a Republican President, and we will see that all of your unemployed get back to work. But oh, what a change today. Oh, what a contrast there is today, when you find all of the Republicans standing here saying no, we do not want to help you people. No—we do not want to give you the aid we promised you and you need.

I am reminded of the famous Elvis Presley phonograph record entitled on one side: "Oh, I Want You, I Need You, I Love You." Just before election they play this song. Oh, but after the campaign is over and we get constructive legislation on the floor such as this bill, they come down, turn the record over, and play the other side entitled: "I'll See You Later, Alligator," because we never see them from one election to the other.

So, in closing, please repent, keep your promises and above all help those who are unable to stand here and tell you how very much they need your help. Thank you.

Mr. EDMONDSON. Mr. Chairman, I yield such time as he may require to the gentleman from Alabama [Mr. JONES].

(Mr. JONES of Alabama asked and was given permission to revise and extend his remarks.)

Mr. JONES of Alabama. Mr. Chairman, I want to speak briefly in support of the public works employment bill, H.R. 10113, now before the House. This bill deserves the support of everyone who is concerned over the plight of our 4 million jobless men and women, and who wants the American economy—the wealthiest and most productive economic system the world has ever known—to return quickly to full capacity operations. It equally deserves the support of all those who want to encourage the development of towns and cities of every size and our rural areas as well, and who want to encourage the development of our great natural resources.

I have followed this bill very closely from the time it was introduced. The Committee on Public Works, of which I am proud to be a member, held extensive hearings for 2 full weeks and heard every shade of opinion on this and related proposals. I have discussed it with many people and attended every one of the meetings before the Rules Committee when this bill was considered. I am convinced that this bill reported out by our committee is a well-designed piece of legislation which will effectively help to provide jobs for the unemployed through the construction of urgently needed Federal, State, and local public works.

Mr. Chairman, in spite of the charges that have been made against this bill, I would like to point out that actually it is a relatively modest proposal. However, I believe it is fully adequate to meet the immediate problem facing us this year. Next year the Congress will have an opportunity to study the economic situation and determine whether or not additional steps need to be taken.

Mr. Chairman, I would like to point out that the public works proposals advanced by the President would have cost $2.6 billion altogether. The bill which has passed the Senate authorizes $1.5 billion. The bill now before us authorizes the appropriation of $900 million. I believe that our committee pared away every provision about which there could be any question and has produced a truly sound piece of legislation. Let me point out that there are no standby or backdoor financing provisions in this bill.

The funds provided by this bill can be used to start or accelerate Federal projects which have been specifically authorized by the Congress. They can also be used for 50-percent grants to State and local governments to start or accelerate any local public works for which Federal aid is now authorized except for schools, which are not eligible. Thus, these grants can be used to get half of the cost of local water and sewer projects, hospitals, public buildings, streets and sidewalks, and the like.

To assure that the first impact will occur in places where unemployment is most severe, a project must be located in an area designated under the Area Redevelopment Act or one which has had 6 or more months of unemployment for 9 of the last 12 months. Under this provision, many areas in my own State of Alabama will be eligible for aid. Three-fifths of our counties and the cities of Anniston, Birmingham, Gadsden, Jasper, Mobile, Selma, and Talladega will benefit directly by the jobs this bill will create and the community facilities that can be built with this assistance.

The entire Nation, of course, will benefit from this bill through the additional incomes it will generate and the demand it will create for lumber, iron pipe, bricks and cement, and other building materials. I urge all of my colleagues to support this bill.

Mr. AUCHINCLOSS. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. KNOX].

(Mr. KNOX asked and was given permission to revise and extend his remarks.)

Mr. KNOX. Mr. Chairman, I take this time to make some inquiries of the gentleman from Alabama [Mr. RAINS], and refer to an extension of his remarks which appears in the RECORD of August 23. The gentleman from Alabama stated in his remarks that this bill is designed to provide a prompt expansion of employment in those areas suffering from the most serious economic problems. It would do this by authorizing the appropriation of $900 million to build Federal projects which had been authorized by the Congress and to make 50 percent grants for a wide range of local community facilities. The gentleman from Alabama then continued his statement by saying:

> In my judgment it is safe to assume that the overwhelming majority of these projects would be fully eligible and I insert the list in the RECORD.

My question, Mr. RAINS, is what criteria was used in setting up the tabulation of different projects for the different areas of the Nation?

Mr. RAINS. The list that I included in the RECORD, in my judgment, without examining the specific details of each particular project would meet the criteria set forth in this bill, would be eligible under the criteria set forth in this bill.

Mr. KNOX. It appears to me that there are many areas more greatly depressed that have submitted projects that have been approved but which projects are not included in the list.

Mr. RAINS. If the gentleman will refer to my remarks further he will see that I said there were many other projects that would be eligible. I did not mean this to be an all-inclusive list by any manner of means; in fact, I think I said that there were more than a thousand localities that would likely be claimed as depressed areas, and so forth, would likely be eligible for projects under this bill. I did not mean to give the impression that this list which I secured was all-inclusive.

Mr. KNOX. Of course, the list has a heading: "Program of Advances for Public Works Planning. Projects Planned or Being Planned in Areas Eligible for Aid Under H.R. 10113, June 30, 1962."

Mr. RAINS. Those are the ones, as I understand, that are now planned, that are now ready to go ahead with, that are located in areas which would be eligible under this bill. That does not mean to say that those that are not planned, that could be planned in the immediate future, would not be eligible. I think it is true that the plan of this bill is that it must act fast, and that we should be ready to go within 12 months. I do not think there is any doubt about that. This list is just an indication of the backlog of local public works which have been planned or are being planned and on which they would be ready to go ahead promptly.

Mr. KNOX. The fact remains I have two areas in my district that filed their applications in 1958, they have been approved but they are not included in the list.

Mr. RAINS. May I inquire of the gentleman if they filed their applications for advanced public works planning.

Mr. KNOX. That is correct. It came under the Community Facilities Act.

Mr. RAINS. Would the gentleman give me the names of the places I will be delighted to check.

Mr. KNOX. Yes. One is the city of Escanaba, Mich., and the other is Sault Ste. Marie, Mich.

Mr. RAINS. Will the gentleman inform me what the projects were, what they were applying for, whether sewer and so forth?

Mr. KNOX. Street improvements, construction of bridges across a power canal sewerage and sewage treatment plants, dockage facilities, public buildings and parks and other small items relative to public improvements.

Mr. RAINS. Is the gentleman's area listed by the Labor Department as being a so-called depressed area?

Mr. KNOX. My entire district of 16 counties has been listed as available for area redevelopment assistance; but, peculiarly, and for some reason or another, there has been no project approved in the area. I have one that came back that was from the county of Charlevoix, in which the ARA said they are now eligible but they have to submit a completely new plan, and if they do not do so in 12 months they will not be eligible. What is going to be done to assist the people as the Congress intended it was going to do?

Mr. RAINS. I agree with the gentleman. I may say to the gentleman that while I do not have all the information, if I may have his permission I will be delighted to see if I can check on it a little bit, and if he would like me to I will give whatever information I can obtain about specific situations and see if this bill would fit in.

Mr. KNOX. It is discouraging when you find you have a so-called depressed area under the ARA philosophy. Every county in my congressional district is listed as a depressed area, and it is entitled to participate under ARA. Yet you do not find one project in the 16 counties in the listings which have been set forth in the RECORD as of August 23.

Mr. RAINS. I call the gentleman's attention to the bottom of my statement inserted in the RECORD, where I said:

> Mr. Speaker, the projects planned under the 702 program represent only a small part of the great number of facilities which could be aided under this bill, but it is clear evidence that there is a backlog of projects which will make it possible to create employment quickly.

I did not mean by that to say that was an exclusive list. I will be glad to check on it, and if I can find any information, I will give it to the gentleman. I did not mean to be understood that these were to be the only projects to be considered.

Mr. KNOX. I thank the gentleman. I must say I certainly sympathize with the great concern of my colleague from the adjoining district to mine in Michigan [Mr. BENNETT]. He brought out some important information relative to what Congress has been doing as far as foreign aid is concerned. I have consistently voted against the foreign aid programs that have been approved by the Congress. The appropriation of large amounts of American dollars that have been voted by the Congress to aid so-called foreign countries in the economic field rubs the wrong way when we find this money, some $5 billion, is going to be sent over to foreign countries and there is not too much, if anything, that is being done over here, except what the Congress has already done; and as my colleague from California [Mr. BALDWIN] said, there are some $2½ billion of appropriated funds that are unexpended, plus the fact that my colleague from Ohio [Mr. AYRES] brought out that there was some $430 million in the Veterans' Administration that has not been released.

So this could be pumped into the economy of the areas that are in a depressed status.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. KNOX. I yield to the gentleman from Florida.

Mr. CRAMER. The gentleman's question touches upon exactly the point that we have been attempting to make, and that is that we are devotedly concerned about unemployment too, and if the administration would go forward with the presently available $2.5 billion highway program already authorized and appropriated for, and in addition to that the $2.9 billion which has been approved for additional highway construction and for which such funds could be used in unemployment areas, it would do very much more good. Also this would be done under programs presently approved and which are proven programs. This would do more good than what is being proposed in this bill.

If the gentleman will yield further, may I just make one additional observation?

Mr. KNOX. Let me comment just a moment insofar as the highway program is concerned. Naturally, that will go into certain areas as far as the interstate system is concerned, but there are a tremendous number of areas in my State and especially in my congressional district where the interstate system does not in any manner inject itself. I feel constrained to vote for this legislation in an endeavor to bring about new employment for the people in the depression areas of northern Michigan.

Mr. CRAMER. If the gentleman will yield further, I am glad the gentleman brought it up, because the $2.9 billion was for all types of highway programs, not only interstate, but the ABC as well—primary, secondary, rural, and urban. So there are obviously highways in your area which would be benefited if the administration wanted this money directed to them. May I point out to the gentleman one additional fact: It is very interesting—and the gentleman from Alabama [Mr. RAINS] discussed it—to note this interesting list which was placed in the RECORD on August 23 of advance planning money under the community facilities program. It is very interesting to compare that list with the list put in the record of our hearings. As of December 31, 1961, all advanced planning projects—and note it eliminated reference to all schools, although schools are contained in this list—it is even more interesting to note that in the State of Utah there are specifically excluded projects at Provo, Utah, for a sports arena, a pool, and at Provo there is also a project for golf course improvement. I think it is interesting to note that those projects which are eligible under this bill unquestionably were eliminated in the discussion of the gentleman of projects available.

Mr. EDMONDSON. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio [Mr. MOELLER].

(Mr. MOELLER asked and was given permission to revise and extend his remarks.)

Mr. MOELLER. Mr. Chairman, I would like to add my voice in support of

H.R. 10113, the public works acceleration bill. For the people of my district, as well as a good many districts throughout the country, this bill is one of the most important on the House Calendar this session.

Like 34 of the 88 counties in Ohio—including 11 of the 23 congressional districts—the 7 counties—of 8—in my district whose unemployment problem is great need this kind of forward looking legislation.

In the past year and a half we have seen what is practically the first real concerted attempt on the part of the Government to make a contribution to the economic betterment of the so-called depressed areas of the United States.

The problem of high, structural, or chronic unemployment is one that has defied the experts in this country since the end of World War II. The countries of Western Europe have maintained a high rate of economic growth, have attacked the problems left in the wake of automation and technological change, and have virtually eliminated their problem of chronic unemployment—and in so doing have proven conclusively that it is not necessary to tolerate 3, 4, 5, or 6 percent unemployment in a modern industrial economy.

The United States has been slow to take action to attack our shameful unemployment problem. But within the last 18 months and with the inspired leadership of the Kennedy administration, we have enacted the Area Redevelopment Act to deal with long-term growth, and start the areas of the country which, so far, have not shared in the economic progress of the rest of the Nation, on the road to a brighter economic future—but with emphasis on long-term industrial development.

The second major economic development measure enacted during the last 18 months was the Manpower Development and Training Act, which within the next 3 years should retrain nearly a million workers in the United States for jobs to replace the ones they lost through the inevitable process of technological change.

This public works acceleration bill, to me, is the third part of a three-part package of economic development measures enacted by the Congress to alleviate the hardship of unemployment and start the economy on a more vigorous drive to include these depressed areas in the mainstream of the economic life of America once again.

The public works bill will really do three jobs: It will act as a major stimulant to the economy of the over 1000 areas of the Nation where unemployment is over 6 percent; it will directly put people to work at constructive jobs; and, perhaps most important of all, it will help provide the long-term public facility investment so vital to attract and hold private industry that, in turn, will assure a permanent improvement in the local economy.

This is certainly no revival of the leaf-raking boondoggles of the 1930's, but would, rather, be a positive antirecession measure of tremendous benefit to nearly every community and city in 7 of the 8 counties in my district—where unemployment ranges from 9 to 17 percent of the work force.

By providing up to 50 percent grants to speed construction of such vitally needed capital improvements as water and sewer systems, water storage dams, hospitals, city and county buildings, local streets and sidewalks, recreation and reclamation projects, sealing of abandoned coal mines to prevent further acid pollution of rivers and streams, et cetera, this bill will spell the difference between parts of the Nation like the 10th Congressional district of Ohio moving out into the mainstream of our economic life, taking a full part in the economic progress of America, or continuing to slip into the economic shoals and tolerate the shameful unemployment rates of the past.

The public works acceleration bill, in short, represents a golden opportunity for my district to start life again—and make for itself and its children a better future and a better way of life.

I cannot urge the Members of this body too strongly to join me in supporting this forward-looking and progressive measure.

Mr. EDMONDSON. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey [Mr. DANIELS].

(Mr. DANIELS asked and was given permission to revise and extend his remarks.)

Mr. DANIELS. Mr. Chairman, I rise in support of this bill.

Mr. Chairman, unemployment in our country has been intolerably high for the past 5 years. Millions of our fellow citizens have been forced to remain idle not because of laziness, as some would have us believe, but because of automation, foreign competition, relocation of industry, shifts in market demands, and other economic changes. It seems evident that certain legislation is necessary if the benefits of these economic changes are not to become the burdens of increased widespread unemployment. H.R. 10113, the Public Works Coordination and Acceleration Act, is one such piece of legislation.

This bill now before the House will create an Office of Public Works Coordination and Acceleration, the purpose of which is to provide essential information to the Congress and the Chief Executive concerning public work backlogs, current construction, and planning for future needs. The proposed Office will present periodically, but at least once a year, to the Congress and the President a report on public needs of the Nation, along with suggestions on the alternative ways in which these requirements can be expeditiously and economically met. At present no Government agency has this responsibility. The need for such an office is obvious, for without accurate information the problem of unemployment can never be conquered.

In addition to the establishment of an Office of Public Works Coordination and Acceleration, H.R. 10113 authorizes an appropriation of $900 million to accelerate the construction of public works, thereby overcoming the present problem of unemployment. The President is authorized to use these funds to accelerate construction activity and employment both on direct Federal projects which have previously been authorized by the Congress and on local public works construction by matching Federal grants. A provision of the bill assures that this aid will be used for projects which would not otherwise be undertaken. It also requires that any project aided must be one which can be started promptly and the bulk of the employment created by this project will occur within 12 months after the project is started. This means that the benefits of the bill will be felt quickly, that the effects will not persist beyond the period when the economy needs this aid, and that disproportionately large projects will be ruled out.

Projects eligible for assistance under this act must be located in an area eligible for economic assistance under sections 5(a) and (b) of the Area Redevelopment Act or in a communty which has suffered 6 percent or more unemployment for 9 out of the past 12 months. Jersey City, an important part of my district—the 14th District of New Jersey—is one of the 41 major areas throughout the United States which fall into the second category.

I know firsthand that the unemployed citizens of Jersey City—and unfortunately they are many—will greatly benefit from the passage of this legislation. And let me add that Jersey City and New Jersey will also benefit from the passage of this bill, for not only will men be employed, but they will be employed on such necessary projects as water and sewer systems, local streets and street repair, public buildings—except schools—and public and nonprofit hospital construction. Furthermore, the entire economy will be stimulated as construction materials are purchased and as newly created incomes are spent and respent. Let me again emphasize that the unemployed are not lazy people. Nothing could be further from the truth. I know personally several unemployed citizens of Jersey City, and more industrious people do not exist. The factors which caused their unemployment were all out of their control.

But it is not just New Jersey which is going to benefit from the passage of this bill. Every citizen is going to benefit from it, for every citizen benefits when his neighbor works, when roads, buildings, sewerage and pollutions plants, and so forth, are constructed, and money is spent.

For these reasons I urge that my colleagues join with the majority of Americans by supporting H.R. 10113.

Mr. EDMONDSON. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. MOORHEAD].

(Mr. MOORHEAD of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I have asked for this time in order to direct a technical question about this legislation to the distinguished gentleman from Minnesota [Mr. BLAT-

NIK], the author of the legislation, the chairman of the subcommittee:

In the city of Pittsburgh there is an unused bridge which is blocking the development of Point Park in the Golden Triangle of Pittsburgh. If it otherwise meets the test for eligibility under this legislation, would a project for the demolition of this bridge be eligible for assistance under this legislation?

Mr. BLATNIK. If the gentleman will yield, may I ask the gentleman—and it is a very pertinent question—who owns the bridge, the city, or is it a State bridge?

Mr. MOORHEAD of Pennsylvania. It is not a State bridge. I believe it is a county bridge.

Mr. BLATNIK. If it is a county bridge or a municipal bridge and meets the eligibility requirements, it would definitely be eligible for assistance under this act.

Mr. AUCHINCLOSS. Mr. Chairman, I yield such time as he may require to the gentleman from Pennsylvania [Mr. FENTON].

(Mr. FENTON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FENTON. Mr. Chairman, yesterday I listened to the debate on H.R. 10113 through its entirety and have also read in the CONGRESSIONAL RECORD this morning some of the insertions that were added under unanimous consent.

Coming from the 12th Congressional District of Pennsylvania, Schuylkill and Northumberland Counties, an area that has one of the highest unemployment problems in the country, I am naturally interested in what H.R. 10113 proposes to do.

As most of you well know I was the original sponsor of the Area Redevelopment Act under the Eisenhower administration and believe I know something of the problems which the Area Redevelopment Act is supposed to remedy.

For your information the total number of applications approved since the passage of the Area Redevelopment Act in Pennsylvania as of yesterday are 12 loans and 7 grants in the amount of $3,771,338; 17 loans and 13 grants applied for and which have not been approved to date are in the amount of $14,109,638.

In my congressional district there were eight applications for loans in the amount of $917,473. Approved were five loans and one grant in the total amount of $286,110. One loan and grant have not yet been approved in the amount of $631,343. Of course, these are Area Redevelopment Act funds only. I might add that this is not much for a chronic distressed area. There are several reasons for this apparent slowness in my opinion.

Now as for this, H.R. 10113, I sincerely hope it will do all the fine things that the proponents say it will do—we were hopeful that the Area Redevelopment Act would also do a good job.

The Congress has certainly not been stingy with appropriations where there is still an unobligated and unused balance of over two and a half billion dollars for projects already authorized.

We were told yesterday that any local community that is unable to put up 50 percent for a project, that they could receive assistance from the Community Facilities Administration—particularly such local projects as sewers, water, sidewalks, and I hope sewage disposal plants. The State of Pennsylvania has a pure stream law under which distressed local communities are hard pressed to establish sewage disposal plants to comply with that act. Many communities in my district are in such a predicament and they are trying to do something about it. They have already asked for planning assistance. If this bill means anything, let them act in those areas in my district and just not make promises. Do not let it become a political gimmick.

In my opinion the Bureau of Reclamation and the Corps of Engineers have received a great deal of attention and have received enormous appropriations for projects beyond the comprehension and imagination of the people in areas such as mine and yet they will be able under this bill to qualify for projects already authorized if they can complete such projects within the year after this bill becomes law. I fail to see where this will give more employment because those projects are usually constructed by contract and any additional money given them may accelerate the work but I feel sure will not increase the employment.

This leads me to a point that I believe is very important if the proponents of this bill mean what they say—that is, where a local project is accepted that the contractor should come from the local community involved, and certainly the workers on that project should be local workmen—unemployed workers. I say this because most of the new post offices constructed in my district in the past 5 or 6 years have been by contractors outside my district who brought in their own employees. In very few instances have local people been hired. I sincerely hope that those in charge of this program employ those whom the bill intends.

Mr. AUCHINCLOSS. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. BECKER].

(Mr. BECKER asked and was given permission to revise and extend his remarks.)

Mr. BECKER. Mr. Chairman, I might possibly vote for this bill and other important legislation that comes before this body provided you had the intestinal fortitude to bring in with it a tax plan to pay for it. We are talking about a bill today, demagoging, if I may use that term, that is supposed to aid people who are unemployed today. But all you are doing is asking that the children 50 years from now pay for it. In good conscience I cannot do that. I say, bring in a bill, but have the fortitude to bring in with it a tax plan to pay for it.

A couple of weeks ago we authorized $4.8 billion in foreign aid. I said at that time that there was not one dime in the Treasury to pay out that money. You are going to have to borrow every dime of it at 4 percent, to give it away all over the world. I did not vote for that. Bring in a tax plan for this $900 million today and I would consider it, but I shall not agree to put it on the backs of the children of unborn generations to do something you want to do today. Let us do what we should do now. Let us observe those things that made this country great, one of which is to pay our way as we go, and not put off paying for it 100 or 200 years from now. Our national debt ceiling today is $308 billion. We pay $10 billion of interest on this national debt. Who is going to pay for this? You and I? Nobody in this House even remotely will live to see the day, or even my children or grandchildren. I could not vote for this bill in the way in which it is offered here. I could not vote for the foreign aid bill. I cannot vote for these plans for the simple reason that if I did, my conscience would not permit me to sleep, if I voted for something to put the debt on the backs of these yet unborn children. Bring in a plan to pay for this today, but not to have it paid for by future generations.

Mr. AUCHINCLOSS. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. ALGER].

(Mr. ALGER asked and was given permission to revise and extend his remarks.)

Mr. ALGER. Mr. Chairman, I would like to join my colleagues who wrote the minority views on this bill. I want to limit my comments at this time directly to one particular area of State rights where State and local laws would be violated under this proposed legislation, to find out once again how many of my colleagues who plead from the well of this House on civil rights are really interested in States rights.

I refer to the Davis-Bacon Act which gives to one man in the United States the sole power to set wages and working conditions on highways, buildings, and public works regardless of local laws and the local economy. And this will apply almost entirely to the $900 million slush fund, if that is what it is—and it looks like it. There is no judicial review for any worker, for any contractor, for any American citizen, under which he can go to court to appeal from the arbitrary ruling of the Labor Secretary, who is the judge, the prosecutor, and the jury in setting wages.

This violates State and local laws and therefore I am opposed to the use of the Davis-Bacon law, which, as you well know, is expanding in two areas; it is expanding in its coverage of more and more projects, wherever there is Federal money involved, and that includes all of this, I judge; and also it is being expanded by the Committee on Education and Labor every so often in the terms of its coverage. And from this arbitrary expansion and arbitrary setting of wages you get no recourse to the courts of the United States.

I say it is wrong and I simply warn my colleagues, many of them from my part of the country, from the South, that that is the situation in this bill and I hope that they will take that into account when they vote on this bill.

Mr. AUCHINCLOSS. Mr. Chairman, I yield 1 minute to the gentleman from Iowa [Mr. SCHWENGEL].

Mr. SCHWENGEL. Mr. Chairman, I had time yesterday to talk on this bill

and I think I made it very clear at that time that I was in opposition to the bill. I have listened to the entire debate here. I was especially interested in the pleading by the gentleman from Illinois, who has real problems in his district. He used poetry. I like poetry, but I do not like to have people abuse poetry, and I do not like to have people accuse people with poetry unjustly.

I want to point out to the House and the gentleman from Illinois that if we pass this bill, and if we pass a bill that has four times as much money involved as this has, it still will not solve all the problems he was talking about.

Mr. GRAY. Mr. Chairman, will the gentleman yield?

Mr. SCHWENGEL. I will not yield at this point.

It was pointed out that this bill will provide 250,000 jobs. What about the 3,800,000 other people that this will not help?

Mr. BLATNIK. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. JOELSON].

(Mr. JOELSON asked and was given permission to revise and extend his remarks.)

Mr. JOELSON. Mr. Chairman, in considering this legislation we should bear in mind that this year without dissent we have appropriated $48 billion for defense—48 times $1,000 million for defense. And we should remind ourselves about what we are defending. We are defending a way of life which is motivated by the fact that we care about what happens to our fellowman.

Why should we spend $48 billion for the military, and refuse a tiny fraction of that amount to create jobs, to build hospitals, to build community facilities, and to give all Americans their fair share of our way of life?

If because of military expenses, we refuse to make those expenditures which will safeguard our way of life at home, Mr. Khruschev will win an important skirmish without having fired a shot.

I also point out that this year we will spend more than $900 million to get to the moon. Where is our sense of values when we will spend this type of money for moon trips while turning our backs on the unfortunate people here on earth.

If we have to trim expenditures, let us not do so at the expense of those who are in the worst shape.

Mr. SILER. Mr. Chairman, with considerable regret I have concluded that this public works acceleration bill is a hoax and a delusion that is designed entirely as a political tool for the purpose of keeping the Kennedys in power and their cohorts in charge of our country's affairs for an indefinite future lying ahead.

On August 24, I sent the following telegram to President Kennedy, but so far I have received no reply whatever to my message. My telegram was as follows:

AUGUST 24, 1962.

THE PRESIDENT,
The White House, Washington, D.C.:

Knowing of the unemployment in my congressional district, I would gladly vote for the public works acceleration bill next week provided it were made a nonpolitical measure in such a way as to insure that my district would not be discriminated against because of its political complexion. But it is well known that the food stamp plan has already been put into effect in 25 Democratic districts to only 1 Republican district. This cannot be fair or honest or American. In my depressed area I heretofore asked that the plan be set up for Harlan County in my own district months ago but the administration has been as silent and inactive as the Sphinx of Egypt toward this call for humanitarian consideration. We can only judge the future by the past and I will certainly not vote for a measure that promises to penalize a great patriotic part of the country because most of its people are Republican. A bill which lends itself to this kind of political maneuvering is worse than taxation without representation which was something our forefathers called tyranny.

Now if President Kennedy and this bill would only leave the allocation of funds and the administration of those funds entirely up to a bipartisan commission of four persons, two Democrats and two Republicans, and if the President would, even at this late hour, see that the food stamp plan mentioned in the above telegram is placed in about as many Republican districts as Democratic districts, then I would support this bill as staunchly as Atlas supported the world. But under the circumstances as they are at present and in view of the strict partisanship already witnessed within this administration, I cannot vote for a measure that will be political, punitive, perilous, and perfidious toward our national welfare and I hope it will be defeated for the ultimate good of our country.

Mr. STRATTON. Mr. Chairman, I rise in support of the legislation. My district of New York State, as well as many other parts of our State, have long suffered from heavy and persistent unemployment. Since I first came to Congress I have fought persistently for legislation to break the back of this unemployment problem and to put our New Yorkers back to work. I was proud to have been one of the cosponsors of the Area Redevelopment Act, which is one of the legislative landmarks of this administration and which was designed to help our communities attract new jobs. Unfortunately in my State of New York the administration of this forward-looking piece of Kennedy legislation, entrusted to the local State administration, has not measured up to its full potentialities because of the fact that State authorities have deliberately attempted to sabotage implementation of the act for narrow partisan political reasons.

Thus the unemployment persists. In fact, of the eight redevelopment or major unemployment areas within New York State listed on page 24 of the committee report five are within my present congressional district or the district into which I have been redistricted.

The redevelopment bill was always a long-range bill. No one ever pretended it would end unemployment overnight. It takes time to attract new industries into an area and then nurse them to full-capacity production. Clearly, this is the lasting and long-range solution. But we cannot allow our people to sit idly by while this long process is being carried out.

So the present bill provides a very necessary adjunct to the earlier measure. It will stimulate employment almost at once. It will help those people and those communities that need help the most. It will give the economy a most desired shot in the arm. That is why I am for the bill, and why I know we need it so desperately in New York.

I am a bit amused, Mr. Chairman, by the opposition being expressed by some of our friends on the other side of the political aisle today. In my home city of Schenectady and in New York State generally the Republican leadership has always urged this kind of standby public works program as a desirable answer to the challenge of unemployment, though to be sure they have talked more about it than they have acted. Yet now when President Kennedy comes forward with precisely the same idea, and one that is so very much needed in New York, the leadership on the other side of the aisle is almost unanimously opposed. I am sure the people of New York will not welcome this callous willingness to play partisan politics with their economic welfare.

Mr. Chairman, I desire to make one point that applies to an important part of my congressional district. The bill before us here today provides that the President shall be authorized, with the funds included in this bill, to go ahead with those public works projects already authorized by Congress but for which funds have never been appropriated. The list of these projects appears on page 16887 of the RECORD for August 28. The projects for New York State include two so-called dry reservoir dams which were authorized a quarter century ago but which have never been built because the funds for them have over the years been withheld by the Appropriations Committee, in response to requests from Members representing the areas affected by these two dams. These are the Davenport Center Reservoir on the Charlotte Creek in Delaware County, and the West Oneonta Reservoir on the Otsego Creek in Otsego County.

Now one might at first get the impression that under the provisions of H.R. 10113 it would be possible for the President of the United States to override the objections of the people of our district and construct these dams. I would certainly not favor any bill which would foist that kind of result action on the people of any district.

However, Mr. Chairman, I have conferred with the distinguished chairman of the subcommittee handling the bill, the gentleman from Minnesota [Mr. BLATNIK], and he has assured me that the provisions of H.R. 10113 will not undermine the ability of the people of my district to make their will known in Washington. He has assured me that under the bill the President, in using the added authority afforded to him, cannot impose on a community a public works project which may once long ago have been authorized by Congress, but which today the people of the area are overwhelmingly opposed to. The gentleman has pointed out to me that under the provisions of subsection (f) (5)

of section 9 of the bill, which appears on page 18 of the bill, no project can be undertaken by the President when the project in question is "inconsistent with locally approved comprehensive plans for the jurisdiction affected, wherever such plans exist." Since both the Davenport Reservoir and the West Oneonta Reservoir are clearly inconsistent with local plans, they cannot be constructed under the provisions of H.R. 10113, I will say to my colleagues.

With that one point nailed down clearly, Mr. Chairman, I am delighted to support a bill which will provide desirable and beneficial public works projects to relieve current unemployment problems in such areas as Amsterdam, Gloversville, Schenectady, Oneonta, and Auburn. I hope the legislation will be adopted.

Mr. LANGEN. Mr. Chairman, we have before us a measure, like so many others I have observed this year, that does nothing that existing programs cannot do, offers nothing that existing programs do not already offer, and succeeds merely in increasing the cost of Government at a time when deficits already threaten the country with bankruptcy.

We have listened attentively to the arguments in favor of this emergency public works bill. We certainly can sympathize with the unemployed, the depressed areas of our country, the plight of people who depend on a thriving economy in their immediate areas. But this legislation is so fraught with problems that it cannot possibly accomplish the Utopian aims of its proponents.

I have been particularly interested in facts and figures that have been presented during these discussions. One of the conclusions we must come to at this moment is that existing programs to assist depressed areas and other regions where economic trouble exists are not being utilized to the fullest and are not accomplishing the grandiose results for which they were intended. How, then, can such a program as we now have before us hope to accomplish the same means by merely throwing additional taxpayer moneys around the country at the political discretion of a President?

It has been pointed out that the Veterans' Administration direct home loan program had $700 million available last year and this year, but only $250 million has been committed under this fund. In the Farmers Home Administration housing loan program, which applied principally to rural areas and small towns, $430 million was authorized, but only $128 million has been obligated to date. We authorized $650 million last year for the Community Facilities Administration's public facilities loan program, but only $202.6 million was obligated as of last week. We authorized $2 billion last year for urban renewal, but only $827 million was obligated as of last week. The depressed areas bill of last year authorized $90 million for public facilities grants and loans under the Area Redevelopment Administration, but as of last week only $24 million was obligated.

It adds up to well over $2 billion of authorized funds that are available right now to create new jobs, help depressed areas, and assist those in need. Instead, we are asked to approve $900 million for a program that well could interfere with the existing programs.

I believe it is the responsibility of this Congress to make sure existing funds are spent and utilized before appropriating additional moneys for a program that admittedly would work in the same fields. We simply cannot afford it. I do not believe the taxpayers of this country want us to spend their money unless it is actually needed. And I do not believe the people want these funds put in the hands of one man, to use as only he sees fit. It seems to me that such a further concentration of power in the Executive could well be used as a political tool rather than as a help for our people.

We will never have a country that can maintain full employment until we have an economy that can sustain it. This bill can serve but one purpose, to move our Nation further into debt without measurably altering the problems it was intended to solve.

Mr. KEARNS. Mr. Chairman, I rise in support of H.R. 10113, the Public Works Coordination and Acceleration Act, because the program of advances for public works planning contains authorized projects planned, or being planned, in areas eligible for aid.

The 24th Congressional District of Pennsylvania, which I have represented for 16 years, would be eligible for $24,015,540. Of this total, Erie County would be eligible for $20,843,141, Crawford County would be eligible for $2,563,399, and Mercer County would be eligible for $609,000.

This bill is designed to provide a prompt expansion of employment in those areas suffering from the most serious economic problems. It would do this by authorizing the appropriation of $900 million to build Federal projects which have been authorized by the Congress and to make 50-percent grants for a wide range of local community facilities. These grants could be used to help finance water and sewer facilities, public buildings, streets and sidewalks, and in fact practically any local construction project except schools provided that the project, in the language of the bill, "meets an essential public need."

In the 24th Congressional District of Pennsylvania the individual projects eligible for aid under H.R. 10113 are as follows:

City	County	Type project	Estimated total cost
Erie	Erie	Auditorium	$3,650,000
Do	do	Harbor facilities	842,000
Do	do	do	8,584,000
Do	do	Road	1,996,200
Harborcreek Township	do	Water	2,199,386
Waterford	do	Sewer	571,555
Conneaut Lake	Crawford	do	2,480,000
Millcreek	Erie	do	3,000,000
Hempfield Township	Mercer	do	609,000
Saegertown	Crawford	do	83,399
Total			24,015,540

Erie County	$20,843,141
Crawford County	2,563,399
Mercer County	609,000
Total	24,015,540

As a Republican, I am supporting this administration bill because I believe it will help to combat chronic unemployment in the 24th Congressional District.

I am confident that the President, with whom I served in the House, can be relied upon to fulfill his obligations to the 24th District of Pennsylvania.

Mr. ELLIOTT. Mr. Chairman, this bill is aimed at helping to check unemployment in the country and provide for the construction of needed public works at the same time.

This bill supplements and adds to the aims and objectives of the Area Redevelopment Act of 1961. Redevelopment areas, both city and rural, are eligible for the assistance provided by this bill.

I want to congratulate the gentleman from Minnesota [Mr. BLATNIK], for bringing this bill to the floor of the House. The gentleman from Minnesota [Mr. BLATNIK] knows about unemployment. He and I both represent areas where unemployment is heavy. We know what it is to see people hungry, and we know the marks that unemployment and its consequent hunger leave upon the individual who suffers them. I hope this bill will pass.

This bill, added to the Area Redevelopment Act and the Community Facilities Act, will do a lot of good.

I am one of those who feel that Government should put up a vigorous battle against unemployment and its handmaidens of hunger and want. Unemployment is an economic cancer, and I sometimes think that its consequences are as deadly as the physical cancer. Just as we set up national institutes of health, it might be well that we establish national institutes to fight the economic sickness of unemployment.

If we had had a program 10 years ago like the one envisioned by the bill before us and like the ARA, perhaps unemployment in our country might have been stopped long before it reached the proportions it has reached today.

I hope the bill passes. My own congressional district is working diligently to break the bonds of unemployment and loose the shackles of starvation. It will welcome this bill. It will be able to use its provisions for the benefit of the people of the district.

Mr. LINDSAY. Mr. Chairman, we are confronted today with the latest example of administration showmanship—

the public works coordination and acceleration bill—which I fear has more political and public relations in it than solid substance and proportion.

The ostensible purpose of this legislation is to authorize an appropriation of $900 million to accelerate the construction of public works to overcome the present problem of unemployment.

We are told that this bill will change the face of America—that it will revitalize our lagging economy—that it will renew the ownard moving course of American prosperity.

We are told that this bill will rejuvenate the spirit of this country—that it will stimulate consumption, improve the Nation's investment climate.

In glowing hosannas we will be told how this bill will quicken the tempo of life on the farm and in the factory—that it will increase the national wealth—that it will restore the economic lifeblood of our Nation.

We will be told all this and more by administration forces as they hit the campaign trail this fall. But what they will not tell us is how the committee report can refer to this legislation as making "a substantial contribution toward reducing our present high level of unemployment" when in reality it will affect no more than 3 percent of the total unemployed of the Nation—a maximum of 125,000 jobs at colossal cost that has no relation to the impact. In fact, most of the cost of project will go into the purchasing of materials and equipment and for the employment of professional and skilled persons who are not among the large group of unemployed.

Nor will we be told of the extent to which this bill authorizes the use of tax payers' money to construct swimming pools, ski slides, golf ranges and other non-priority items in certain Congressional districts. I know how partial this administration is to swimming pools, but that is no excuse for this kind of political pork at the expense of $900 million of the taxpayers' money. I continue to feel that Federal grant-in-aid programs financed out of the general revenues—incidentally, the $900 million in this bill is unbudgeted—should be pinpointed according to priorities.

We are told that this bill will provide a "quick shot in the arm" for the national economy. This is difficult to believe. By the time the bill is enacted, land is acquired, engineering plans are carried out, contracts awarded and construction work begun, it will be well into 1963, if not later. Under these circumstances, why should Congress authorize the appropriation of additional funds for public works when there is at this moment on the books, ready for spending, $2.6 billion of unobligated funds, which are not being used by the administration? In veterans housing loans alone there are $300 million worth of frozen applications. In urban renewal there are $1.4 billion in unobligated funds which Congress has authorized.

Beyond this, should the President have blanket authority to select any locality of his choosing to grace with a new project—in many instances projects which have been authorized many years ago, but for which funds may have never been appropriated?

Would it be too much to expect that the President might use the "acceleration funds" to buy support for Democratic candidates?

The fact that this bill is a sham does not mean that the public works programs of this Nation should not be better coordinated.

A strong case can be made for a meaningful public works program to expand employment opportunities and lead to a rise in national purchasing power. Exports have long pointed out that Federal, State and local governments must invest at least $25 billion a year for the next decade to meet the minimum needs in this critical area. The fact remains that our expenditure for public works are way short of that figure. Yesterday it was made clear in debate on this bill that in order to reduce unemployment to 4 percent of the total working force, or to reduce it by 1 million people under the formula provided in the bill, it would cost at least $4 billion.

Mr. Chairman, during the New Deal we had an example of a massive public works program which during its 8-year history employed more than 8 million persons on 1,500,000 individual projects at a cost of approximately $11 billion. The WPA has left its imprint on the American landscape in notable ways. Its constructive achievements were numerous. Yet, it was also inefficient, extravagant, wasteful, and in the end became politically corrupt. Even its most ardent admirers claim that it was not massive enough to bring us out of the depression, while many still believe that it should have never been initiated in the first place.

Viewed in comparison with the WPA, the program which would be initiated and accelerated under this bill is a shameful delusion. It would hold out the hope of unemployment relief for many, but once its inadequacies are apparent it will foster a climate of dissatisfaction and despair.

There will be no check on the programs which will be undertaken under this bill. It will afford a disproportionate amount of discretion to the President for what can only be classed as purely political purposes. This bill will do little for large metropolitan areas where the need is greatest for the creation of employment opportunities and where individuals are more deeply affected by the population and technological upheavals, economic and social change, automation and other tumultuous alterations in our national life.

There will be the usual fanfare about this bill, the usual rhetoric about moving the country ahead; the customary attempt to create a false impression that something of genuine significance is being done. Legislation by symbolic gesture may fool the unwary, but the Congress of the United States has no business being a party to it. Enactment of this legislation will never fulfill the grandiose claims of its supporters. It will give excessive power to the President and is fiscally irresponsible. There is nothing new or bold about it. In fact it's a very old and tired political device containing more than the usual amount of fat political pork. The bill should be voted down.

Mr. FISHER. Mr. Chairman, I shall vote against the pending bill which would authorize the expenditure of $900 million by the President during the next year, for loans and grants-in-aid to the various States and communities where it would be spent.

This a blank check proposal and is a WPA-type measure. The money can be used for a multitude of purposes, with Uncle Sam paying for up to 75 percent of the cost.

The committee which reported the bill gave as its purpose the following:

> The purpose of H.R. 10113, as reported, is (1) to establish the Office of Public Works Coordination and Acceleration to meet the long-range need of public works planning, and (2) to authorize an appropriation of $900 million to accelerate the construction of public works to overcome the present problem of unemployment.

Since the purpose is to achieve a long-range objective, we can assume that the $900 million authorization is but the beginning of a new depression-type outlay of Federal funds which will probably go on for years. I can hardly think of a single project of this nature that was proposed as a temporary thing which did not continue for years.

From reading the committee report it appears that Mr. George Meany, president of the AFL–CIO, testified that each $1 million of construction expenditures will create about 100 onsite, offsite jobs and about 150 other jobs in consumer industries and in wholesale and retail trades for a period of 1 year, or a total of approximately 250 jobs for 1 year. Thus, some 50,000 onsite and offsite jobs and 75,000 additional jobs in consumer industries and wholesale and retail trades, or a total of 125,000 jobs, would be created during the peak fiscal year of 1963 and would continue during most of fiscal year 1964. As of last May there were 3,719,000 persons unemployed. This represents between 4 and 5 percent of the labor force. Thus, the new jobs this bill can be expected to create will only scratch the surface in attempting to solve the alleged unemployment problem in this country.

Mr. Chairman, the Congress recently raised the ceiling on the national debt. We had a large deficit last year, and we are due to have another deficit this year, of probably $6 to $8 billion.

This bill will add to that deficit. This welfare measure is but one of many this Congress has approved this year or is now being asked to approve. There is admittedly no national emergency to justify this type of expenditure. It is high time the Congress think in terms of reducing rather than increasing the cost of Government.

This measure may properly be described as the granddaddy of all boondoggles. It is in my judgment bad legislation, unnecessary and wholly unjustified. And it should be defeated.

Mr. BLATNIK. I have no further requests for time, Mr. Chairman.

The CHAIRMAN. All time has expired.

Pursuant to the rule, the Clerk will now read the committee amendment printed in the bill as an original bill for the purpose of amendment.

The Clerk read as follows:

That this Act may be cited as the "Public Works Acceleration Act".

SEC. 2. (a) The Congress finds that (1) certain communities and areas in the Nation are presently burdened by substantial unemployment and underemployment and have failed to share fully in the economic gains of the recovery from the recession of 1960–1961 and (2) action by the Federal Government is necessary, both to provide immediate useful work for the unemployed and underemployed in these communities and to help these communities, through improvement of their facilities, to become more conducive to industrial development and better places in which to live and work. The Nation has a backlog of needed public projects, and an acceleration of these projects now will not only increase employment at a time when jobs are urgently required but will also meet longstanding public needs, improve community services, and enhance the health and welfare of citizens of the Nation.

(b) The Congress further finds that Federal assistance to stimulate public works investment in order to increase employment opportunities is most urgently needed in those areas, both urban and rural, which qualify as redevelopment areas because they suffer from persistent and chronic unemployment and economic underdevelopment, as well as in other areas which have suffered from substantial unemployment for a period of at least twelve months.

(c) It is the further purpose of this Act to provide the necessary machinery to keep the President and the Congress informed on the status of public works construction and planning, to encourage local governmental agencies to develop orderly capital improvement programs, so that if it becomes necessary to take action to stimulate the economy by inaugurating a program of needed capital improvements when unemployment indicators reveal the beginning of a recessional pattern in the economy, necessary plans on which to base such action will be available.

SEC. 3. There is hereby established the Office of Public Works Coordination and Acceleration (hereinafter referred to as the "Office"). The Office shall be administered by a Director of Public Works Coordination and Acceleration (hereinafter referred to as the "Director"). There shall be a Deputy Director. The Director and the Deputy Director shall be appointed by the President by and with the advice and consent of the Senate. The Director shall receive compensation at the rate of $20,000 per annum, and the Deputy Director at the rate of $18,500 per annum.

SEC. 4. The Director shall encourage the coordination of planning policies for the construction of public works in the United States, and for this purpose shall—

(1) collect all necessary information from the head of each department, instrumentality, and agency of the Federal Government, and of State and local governments, having authority to construct public works;

(2) review such information and determine—

(A) what public works projects have been or are in the process of being planned for construction,

(B) what public works projects are required to meet national, regional, and community growth and economic development,

(C) what are the present policies of the various departments, agencies, and instrumentalities with respect to planning public works, and

(D) the extent to which the policies of each such department, agency, and instrumentality should be coordinated with an overall policy with respect to public works planning and construction, and methods for such coordination.

(3) report from time to time as he deems necessary but not less often than once each year to the President and Congress—

(A) all public works which are in the process of being constructed, those which have been or are being planned, and those which should be planned,

(B) the public works plan which he has prepared under section 8 of this Act,

(C) any other recommendations with respect to planning and coordination of public works.

SEC. 5. The Director shall, to the fullest extent possible, cooperate with all departments, agencies, and instrumentalities of State and local governments to insure the greatest possible planning and coordination of public works projects at all levels of government.

SEC. 6. The Director is authorized to make such rules and regulations as may be necessary to carry out his duties under this Act.

SEC. 7. (a) The Director is authorized to establish such advisory committees and to consult with such persons and organizations as he may deem necessary to carry out his duties under this Act.

(b) The Director shall, in carrying out his duties under this Act, utilize to the fullest extent possible the services, facilities, and information of all departments, agencies, and instrumentalities of Government as well as private agencies in order to avoid duplication of effort and expense, and all the departments, agencies, and instrumentalities of the Federal Government shall provide the Director with such services, facilities, and information as he may determine necessary to carry out his duties under this Act on a nonreimbursable basis.

SEC. 8. (a) The Director is authorized and directed to prepare and to keep current at all times a public works plan which shall have as its basic purpose the acceleration of the construction of public works necessary to increase employment and to stabilize the economy when required to offset declines in economic activity.

(b) The public works plan authorized by subsection (a) of this section—

(1) shall provide for the acceleration of those Federal public works projects which have been authorized by Congress.

(2) shall provide for the acceleration of those public works projects of States and local governments for which Federal financial assistance is authorized under other provisions of law.

(3) shall give priority to those public works projects which can—

(A) be initiated or accelerated within a reasonably short period of time;

(B) meet essential public need;

(C) contribute significantly to the reduction of unemployment.

SEC. 9. (a) For the purposes of this section the term "eligible area" means—

(1) those areas which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least nine of the preceding twelve months; and

(2) those areas which are designated by the Secretary of Commerce under subsections (a) and (b) of section 5 of the Area Redevelopment Act as "redevelopment areas".

(b) The President is authorized to initiate and accelerate in eligible areas those Federal public works projects which have been authorized by Congress, and those public works projects of States and local governments for which Federal financial assistance is authorized under provisions of law other than this Act, by allocating funds appropriated to carry out this section—

(1) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the construction of Federal public works projects, and

(2) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of laws authorizing Federal financial assistance to public works projects of States and local governments.

(c) All grants-in-aid made from allocations made by the President under this section shall be made by the head of the department, agency, or instrumentality of the Federal Government administering the law authorizing such grants, and, except as otherwise provided in this subsection, shall be made in accordance with all of the provisions of such law except (1) provisions requiring allocation of funds among the States, and (2) limitations upon the total amount of such grants for any period. Notwithstanding any provision of such law requiring the Federal contribution to be less than 50 per centum of the cost of a project, grants-in-aid may be made under authority of this section which bring the total of all Federal contributions to such project up to 50 per centum of the cost of such project.

(d) There is hereby authorized to be appropriated not to exceed $900,000,000 to be allocated by the President in accordance with subsection (b) of this section, except that not less than $300,000,000 shall be allocated for public works projects in areas designated by the Secretary of Commerce as redevelopment areas under subsection (b) of section 5 of the Area Redevelopment Act.

(e) The President shall prescribe rules, regulations, and procedures to carry out this section which will assure that adequate consideration is given to the relative needs of eligible areas. In prescribing such rules, regulations, and procedures the President shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment and (2) the income levels of families and the extent of underemployment in eligible areas.

(f) Funds allocated by the President under this section shall be available only for projects—

(1) which can be initiated or accelerated within a reasonably short period of time;

(2) which will meet an essential public need;

(3) a substantial portion of which can be completed within 12 months after initiation or acceleration;

(4) which will contribute significantly to the reduction of local unemployment;

(5) which are not inconsistent with locally approved comprehensive plans for the jurisdiction affected, wherever such plans exist.

(g) Not more than 10 per centum of all amounts allocated by the President under this section shall be made available for public works projects within any one State.

(h) The criteria to be used by the Secretary of Labor in determining areas of substantial unemployment for the purposes of paragraph (1) of subsection (a) of this section shall be the criteria estabilshed in section 6.3 of title 29 of the Code of Federal Regulations as in effect May 1, 1962.

SEC. 10. No part of any allocation made by the President under this Act shall be made available during any fiscal year to any State or local government for any public works project, unless the proposed or planned total expenditure (exclusive of Federal funds) of such State or local government during such fiscal year for all its capital improvement projects is increased by an amount approximately equal to the non-Federal funds required to be made available for such public works project.

SEC. 11. (a) Paragraph (4) of subsection (b) of section 202 of the Housing Amend-

ments of 1955 is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to any financial assistance to be extended under subsection (a) of this section for the purpose of financing any project for public works or facilities to be initiated or accelerated as the result of a grant-in-aid from an allocation made by the President under section 9 of the Public Works Acceleration Act."

(b) Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new subsection:

"(e) The Administrator is authorized to make a grant-in-aid from any allocation made for such purpose by the President under section 9 of the Public Works Acceleration Act to any public entity described in clause (1) of subsection (a) of this section of not to exceed 50 per centum of the cost of construction of any project for public works or facilities, if such project would be eligible (without regard to the restrictions and limitations of subsections (b) and (c) of this section) for financial assistance under clause (1) of subsection (a) of this section in accordance with the rules and regulations of the Administrator (as in effect on the date of enactment of this subsection) relating to the types of public works and facilities to which such assistance may be extended."

SEC. 12. Section 702 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding any other provision of this section, no advance made under this section for the planning of any public works project shall be required to be repaid if construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act."

Mr. BLATNIK (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the committee amendment be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. WRIGHT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WRIGHT: On page 12, strike out line 11 and all that follows down through and including line 7 on page 16, and renumber the following sections accordingly.

Mr. WRIGHT. Mr. Chairman, this amendment eliminates in its entirety every reference to the creation of an Office of Public Works Coordination and Acceleration, and renumbers the following sections accordingly.

This has been one of the more controversial features, discussed at some length in the minority report. I do not believe that the creation of an Office of Public Works Coordination and Acceleration would be an evil thing, as some Members said in expressing their apprehensions. I do believe, however, it would be an unnecessary thing.

Certainly wherever possible the Congress has the duty and the responsibility to avoid the creation of any unnecessary bureaus, boards, offices, commissions, or agencies. Therefore, since this has become a matter of considerable controversy, and since it seems plausible to assume that the purposes of the legislation can be carried out satisfactorily by existing agencies, I believe we can well dispense with the provision creating this new office staffed by a director and a deputy director, and such technical personnel as they might employ. So long as there is no critical need to create any additional bureaucracy, then we should not do it.

Let us test the program under the presently existing machinery of Government. Under the bill, the responsibility of determining exactly which projects best meet the criteria of eligibility is left in the hands of the individual agencies now administering those programs as previously approved by Congress. Then the determination of exactly what moneys approved under this bill will be allocated to exactly which of those agencies reposes in the hands of the President. It sems, therefore, entirely probable that the purposes of the bill can be carried out well and effectively without the creation of an additional Office of Public Works Coordination and Acceleration. If experience should determine and prove that it is not being carried out effectively in the absence of the creation of such an office, then in a future Congress we can consider the wisdom of creating the office.

Therefore, Mr. Chairman, I ask the support of Members both of the majority and of the minority for this amendment which removes the creation of that new office from the provisions of the bill.

[Mr. CRAMER addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. GROSS. Mr. Chairman, I have a preferential motion at the desk.

The Clerk read as follows:

Mr. GROSS moves that the Committee do now rise and report the bill to the House with the recommendation that the enacting clause be stricken out.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I am very much interested in this amendment, I will say to the gentleman from Texas [Mr. WRIGHT], but I do not quite understand the reason for it. Why at this late date do you strike this out?

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes; I certainly do.

Mr. WRIGHT. The reason I offered that amendment to strike it out is the same reason I would have for offering any amendment to any bill; that is, to improve it, by separating two distinct proposals.

Mr. GROSS. But you had a lot of discussion about this provision of the bill in the committee which would establish a Coordinator at $20,000 a year and a Deputy at $18,500, did you not?

Mr. WRIGHT. We did.

Mr. GROSS. You had a lot of discussion and you put it in, but now you want to cut it out in order to sweeten the bill, put a little sugar coating on it?

Mr. BLATNIK. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Certainly.

Mr. BLATNIK. The gentleman from Texas is perfectly capable of answering the question, but I appreciate his yielding to me. I am the author of this provision. The purpose of putting that provision in the bill was merely to make statutory a practice which had been engaged in for some years under the previous administration by Executive order. We thought it would make for more orderly administration, through the coordination of information of public works programs at all levels of government, which would then be submitted to the Congress to help them make policy with regard to public works programs and planning.

Mr. GROSS. I understand that. Then, why at this late date do you strike it out?

Mr. BLATNIK. When the bill was brought to the floor there was what I thought was a very comprehensive and thorough explanation of the purpose of the Coordinator, but there emanated from the gentleman's side of the aisle a great deal of misinformation on this office which had been recommended by two Hoover Commissions, the Cooke Commission, and the Committee on Government Organization in the Eisenhower administration. By deleting this office from this bill we will have an opportunity to give this much needed proposal more specialized attention.

Mr. GROSS. Just a minute. Apparently I am not going to get an answer. I do not yield further. Apparently I am not going to get an answer as to why at this late date you seek to take out something that you said was so important when this bill was approved in committee; notwithstanding the fact you had before you the bill passed by the Senate containing no such provision. You now move to strike it out at this late date, yet you will not say why. I will say it for you. This is an attempt to sugar-coat the bill.

Mr. BLATNIK. It is not any attempt to sugar-coat the bill. It has very little to do with the program itself.

Mr. GROSS. You were perfectly willing a short time ago in committee to build up the Federal bureaucracy with a Coordinator and an Assistant Deputy Coordinator at fancy salaries, and all of the staff that goes with them. You did not even conform to the public law which requires the executive branch of Government to inform the Congress how many additional personnel will be required and an estimate of the cost. There is nothing in the report to indicate that you conformed to the public law.

Mr. BLATNIK. That is an important provision. There is a lot of confusion about it.

Mr. GROSS. Then why did you not stay with it?

Mr. BLATNIK. I do want to stay with it because it is important, and I am coming back with this provision the first opportunity I will have. I must stress that the coordinator would be an arm of the Congress to bring greater coordination to public works which we, as Members of the Congress watch over.

Mr. GROSS. I have no doubt about that. There is the answer from the gentleman from Minnesota. Just take the bill today, hook, line, and sinker, and

we will be back next year at the first opportunity to build up a bureaucracy which the gentleman from Texas [Mr. WRIGHT], says is not necessary. Just a moment ago he said, "We do not want to build up a bureaucracy." Now the gentleman from Minnesota [Mr. BLATNIK], says, just give us an opportunity and we will build up this bureaucracy as fast as we can. Meantime, he wants us to swallow this bill today, take the bait, hook, line, sinker, and all.

Mr. Chairman, I for one refuse to be beguiled by any such procedure. The record is clear that the amendment to strike out the establishment of a new office of coordinator and deputy coordinator, with all the expense entailed thereby, is for the purpose of attracting votes for the remainder of the bill. I want no part of it.

Mr. EDMONDSON. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, there are some of us on the committee who have a very good reason for supporting the amendment that has been offered by the gentleman from Texas that has not yet been explained to the gentleman from Iowa. I think he is entitled to know what some of us think with regard to this amendment, and what we hope will turn out to be the case.

My own personal hope is that the adoption of this amendment will make it possible for the Senate to take the bill as we pass it, approve the House version of the bill, and send it on to the President, so we can get this program implemented as soon as possible. That is my own personal view, my personal reason, as a member of this committee, for supporting this particular amendment. The coordinator provision did not appear in the Senate version. It is pretty obvious the Senate did not want it, it is pretty obvious our friends on the other side of the aisle did not want it. So by striking it from the bill we improve the chances considerably of getting the Senate to take our version of the bill as we pass it, and let it be sent on to the President in that fashion.

I think the chances for that happening are pretty good.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Iowa [Mr. GROSS].

The motion was rejected.

Mr. BLATNIK. Mr. Chairman, speaking for myself and for the membership of the committee on this side of the aisle, we accept the amendment offered by the gentleman from Texas.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. WRIGHT].

The amendment was agreed to.

Mr. MEADER. Mr. Chairman, I move to strike the last word.

(Mr. MEADER asked and was given permission to revise and extend his remarks.)

Mr. MEADER. Mr. Chairman, I listened with interest a few moments ago to the remarks of the gentleman from Illinois, which he commenced by reciting a poem.

I looked at his chart, and as I recall the figure, with an area redevelopment loan of $475,000, the gentleman pointed out that there was going to be a payroll of over $4 million.

Reference is made to taxes of something over $200,000, reduction in unemployment benefits of $343,000, welfare savings of $96,000, and rent to the community of $30,000.

Mr. Chairman, I gathered that there was something like $600,000 a year that was going to be developed from this $475,000 loan. I gathered that the gentleman's argument was that this $900 million public works program was not a dole, was not a grant, it was not a raid on the Treasury, but actually it was a profitmaking undertaking. If that is the case—the $900 million ought to be stricken and we ought to put in its place $9 billion or $90 billion and make enough money to pay off the public debt.

Mr. BLATNIK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLATNIK: On page 19, line 11, insert "(a)" immediately after "SEC. 4.", and on page 19, after line 19 insert the following:

"(b) No part of any allocation made by the President under this Act shall be made available for any planning or construction, directly or indirectly, of any school or other educational facility."

Mr. BLATNIK. Mr. Chairman, I shall not need the 5 minutes allotted to me on this amendment. This is merely a technical or clarifying amendment. It never was the intention of the bill or of the committee to include schools in this accelerated public works legislation. I refer the Members and call their attention to the committee report—the top paragraph on page 3, where there is stated the following, and I quote:

A wide range of local public works is eligible for this assistance such as water and sewer works, public buildings, local streets and sidewalks, hospitals, etc. Schools, however, are not eligible.

Mr. CRAMER. Mr. Chairman, I move to strike out the last word.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. Could we have someone remove the debris from the House Chamber?

Mr. CRAMER. Mr. Chairman and members of the committee, this again is a very interesting procedure and, again, I think it clearly indicates why this bill should be sent back to the committee. It was stated even in the report that this does not apply to schools. There is not any question but what it does. Now we have an amendment that knocks it out. How confused a situation could be presented to this legislative body by an authorizing Committee on Public Works, or any other committee, than this? It shows conclusively that the sponsors of the bill do not know what is in it. Not knowing what is in it, they want to knock out something which we say is in it; they say it is not in it—and make sure they will knock it out.

Mr. BLATNIK. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Minnesota.

Mr. BLATNIK. I am sorry that the gentleman from Florida has inferred that the author of the bill or the committee members do not know what is in the bill. I say categorically that the bill as now written prohibits aid for the construction or improvement of schools. I regret that the gentleman has to be that personal to state categorically that the author of the bill, the chairman, does not know what is in the bill. We made it clear and there should be no question about it.

Mr. CRAMER. I will answer the gentleman by stating this: There appears in our hearings at page 108 thereof a table containing advanced loans, community facilities, a list of projects, and that list includes one school right after presently "federally financed" the other including the Union College District, San Lorenzo Valley Unified School District, and many others. These are presently available for public financing, but not under this amendment.

Here is the interesting situation. Here is what is left—and I am reading from that same list of what is going to be left for Federal matching funds after taking schools out. You are going to take educational facilities out. This amendment is so broad that it includes federally impacted area educational construction money. That is out. So, when the Federal Government causes impaction in an area, and it is an unemployment area, you are not going to get any money, although this is a program this House has approved and Congress has traditionally approved. But that is out. Does that make sense to you? Do you see why it has to go back to the committee?

College dormitories, which this House and Congress has approved and the administration has asked for; that is out. It is in other programs, but it is out of this program. So you have a situation where federally impacted area schools, college dormitories, faculty housing, service facilities such as dining rooms and colleges, presently under other programs and included for Federal matching funds, under this amendment money would not be available for those purposes. What will? What will remain available under this bill for Federal matching funds? Here is the same list again. And this is the list of the administration, it is not my list. This is the list prepared by the administration.

Here is Mamau, La., two swimming pools, $103,090. That is the estimated cost. The planning cost is $1,522.

Here is another one, Provo, Utah, a sports arena pool; planning money is $45,900 and construction cost is $975,900.

Do you know what is left in this bill? On the last page of this bill there is a provision that no advance made under

this section for the planning of any public works project shall be required to be repaid.

In other words, it amends the community facilities bill to that effect; the Public Works Committee amended the community facilities bill, over which supposedly we have no jurisdiction, to provide that the Utah community does not have to pay back the $50,000 loaned to them already for swimming pools, if this money is used for construction. So, for Provo, Utah, golf course improvements, they have planning money of $11,900. They are not going to have to pay that back. And the remaining portion, a quarter of a million dollars is the cost of the project. Under the version of this bill $125,000 will represent taxpayers' money in grants.

Then if they accept the Senate version in conference—and I am confident that is what is going to happen if this bill goes to conference instead of going back to the committee, where it belongs, the result is going to be that $125,000 of grant money for the swimming pool and the golf course at Provo, Utah, will not have to be paid back.

There are other examples. And 50 percent more of it will be in the form of a loan. And that I say is clearly why this bill should be sent back to the committee on a motion to recommit.

Mr. EDMONDSON. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I listened with as sharp an ear as possible to the gentleman from Florida [Mr. CRAMER] to try to figure out whether he supports this amendment or whether he opposes this amendment. It had been my understanding that he was unsympathetic to Federal aid to education, to Federal aid to school buildings.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. No; I shall follow the Cramer rule and yield when I have completed my remarks.

Mr. CRAMER. But the gentleman is incorrect.

Mr. EDMONDSON. Mr. Chairman, from his remarks today it is very difficult to tell whether he wants to strike this language from the bill, which we are now proposing, or whether he wants to support the amendment. I submit to you that there are a great many of us who will support this amendment who would like to have aid to schools included in the bill. Once again I think we are trying to be practical about the desirability of getting legislation at the earliest possible date to help the unemployed and the resistance to the idea of aid to schools is such, both in this body and in the other body, that we enhance considerably the chances for expedition of this legislation by putting this language in the bill.

That is the principal purpose we have in connection with it. I think anybody who examines carefully the list of projects that would be built under this program knows and understands the fact that these illustrations that have been pointed out by the gentleman from Florida of things like ski slides and swimming pools are the exceptions rather than the rule in what the communities are seeking to have done under this program. After all, the mayors, county commissioners, and other local officials that present these projects have to retain public support back in their home bailiwicks, and have to be reasonable about what they request, and they are going to base most of their requests upon essential needs.

When you run down this list of submissions from most of the communities, you find the great majority of the projects that are mentioned are projects like sewers, water supply, refuse disposal, the remodeling of a juvenile court building, the improving and renovation of a general hospital and infirmary, programs that definitely have overriding public quality and character to them and that do have definite justification from a needs standpoint. You have to turn through the pages a good deal to find illustrations such as those cited by the gentleman from Florida.

In my own area, where we have several counties that qualify under this program, the counties that have drawn up overall economic development plans practically all have included some schoolbuildings in them. I know they will be disappointed by the fact that this program does not include aid to schools, but virtually every one of them has listed some type of essential water supply, water pollution control, sewage disposal, or other improvement for the area. These are the types of program that will be most immediately helped and are most widely needed under the program. I urge that the Members not be misled by the few instances that are cited by the opposition in regard to this legislation. In order to expedite this bill we should adopt the amendment that has been offered by the gentleman from Minnesota. I hope and trust it will receive wide support on both sides of the aisle.

Mr. O'KONSKI. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is the first time I have taken the floor on this bill. I have already sent for my absentee ballot in the November election so I am prepared to stay here for the duration. In case I do not happen to take the floor again, I want to wish you all a Merry Christmas and Happy New Year.

I enjoyed the remarks of my distinguished colleague from Florida on this matter of frills in public works. However, I think we ought to be consistent about it. We ridicule the building of swimming pools, ski slides, and things of that nature by the people back home. But I think and pray we Members of Congress ought to be consistent about it. We certainly should not deny others what we furnish ourselves. Not with my vote but by the majority who outnumber me.

We have the hundred-year hundred-million-dollar pyramid going up over here called the Third House Office Building. We are going to have a nice, fancy, expensive swimming pool there for Members of Congress. We are going to have massage tables, and masseurs, for Members of Congress, all at the taxpayers expense. We are going to have volleyball courts, tennis courts, every frill we possibly can have in that hundred-million-million-dollar institution over there.

In fact the gentleman from Florida will not have to go to his home State because he can get a suntan artifical or natural with massage and all right in a Federal building. I want to say to be fair that he has always opposed the use of taxpayers money for that purpose. But he and I are outvoted on these matters. If we want to ridicule any of the communities back home that want to build a swimming pool or tennis court, judge ourselves first, because the taxpayers are paying for those frills that will be in that $100-million hundred-year pyramid over yonder in the Third House Office Building which I feel we have no need for.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. O'KONSKI. I yield.

Mr. BENNETT of Michigan. Can the gentleman tell us how many swimming pools, tennis courts, and ski slides have been built all over the face of the globe with foreign-aid funds?

Mr. O'KONSKI. My friend from Michigan has always been a stalwart in opposing for foreign nations what we deny our own people. If only the majority voted as he has we wouldn't need this bill. But you are right if we would amend the title of this bill to "Foreign Public Works" you would have practically no opposition except from the gentleman from Iowa [Mr. GROSS], myself, the gentleman from Michigan [Mr. BENNETT], the gentleman from Pennsylvania [Mr. SAYLOR], and a handful of others.

Mr. SAYLOR. Mr. Chairman, will the gentleman yield?

Mr. O'KONSKI. To my friend from Pennsylvania, anytime.

Mr. SAYLOR. What you say is so true it hurts.

Mr. O'KONSKI. Mr. Chairman, since this is the first time I have had the floor on this bill, I ask unanimous consent to speak for an additional 5 minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. O'KONSKI. Listen, ladies and gentlemen of the House, in the last 16 years in this Congress you have been passing billions for foreign public works. Many of these same people get up here and shout to the high heavens that we are going to bankrupt the country if we pass this bill for our own people. In the last few years this Congress has appropriated $576 million for public works and buildings in the District of Columbia—in this little mud hole that we have over here—$576 million in this area. It is almost unbelievable. And these people who voted for this complain about $900 million to be expended all over the United States of America, with 50 States in the Union. How silly can we be? And that includes the 100-year pyramids known as the Third House Office Building. This does not include, for example, special buildings for the Atomic Energy Commission or for the National Space Agency and the Bureau of Standards

and so forth. You add them all up and you are pretty close to a billion dollars that we are spending here on this little speck on the map. One billion dollars in public works is being spent in this 5-mile square area. How in good conscience can any reasonable person deny a similar amount for the whole Nation? All we are asking is that you spend all over America what you spend in this 5-mile area.

Now, to come to what the gentleman from Michigan [Mr. BENNETT] mentioned. In my area in the last 5 years every time you pick up a newspaper you read that such and such a mine is closed—300 men out of work. You pick the newspaper up the next day and you read another mine closed—500 men out of work. And I could go on. And while that is going on what has Congress done? Listen to this—just in the last 2 years the Congress of the United States of America has passed foreign aid programs where $30 million of our money went to develop mines in Liberia and $13 million and $6 million to develop a mine in South America; $6 million more to develop another mine in Liberia; $6 million more to develop another mine in Chile. Yes, we gave $150 million just a few months ago to build an iron and steel production plant in Turkey. That is all taxpayers' money. Then another $12 million to Chile. And listen to this one. We are asking the local communities here to put up 50 percent of the money. It is too bad that you do not live in Mexico, because here is what you would get there. In 1962, just recently, $43 million of our money was loaned to a private mining company in Mexico and the private mining individuals only put up a measly $4 million. Yes, these people in Mexico got $43 million from the Government of the United States of America. That is less than 10 percent. While those mines are being developed, one after another up in northern Wisconsin, Michigan, and Minnesota closes.

We have a vein of taconite in Wisconsin that could supply all of the iron ore for the entire world for the next 20 years. Yet, we cannot get a dime of Federal money, or private money, to develop it, and to mine it because our Government is financing mining operations in Venezuela and Chile and Liberia and in Canada. Did you know that in the area represented by the gentleman from Michigan [Mr. BENNETT] and myself, and Congressman BLATNIK, in Minnesota—did you know that the iron ore miners and the iron ore deposits of that area won two world wars for us? As a matter of fact, not very long ago that area produced 80 percent of all iron ore used in the world. Today we are not even producing half of the iron ore consumed in the United States of America. Over 40 million tons are being imported this year from Canada, from Venezuela, from Liberia, and from Chile, while 6,000 miners in the Great Lakes area are running out of their unemployment compensation checks. All these miners are asking is for a little help. They rightfully say "You, the Congress, have taken away our jobs that we had with your foreign aid handouts so please give us some temporary public works jobs until we can get readjusted."

Give us a little help so we can build a decent city hall, so that we can build a decent gymnasium for our children.

I am sorry to see this amendment in here where you are going to exclude schools. I think it is a tragedy that we are excluding schools. Why, here in Washington, D.C., which has the highest income per capita in the United States of America, you have a bill pending or that is coming up in a few days under which you are going to designate Washington, D.C., as an impacted area and give them taxpayers' money—money from my people who are unemployed—to build schools, because this is an impacted area and these wealthy people cannot afford to build schools. What a pity. You are going to allow the richest city in the Nation to qualify for impacted area aid. And here you are taking money away from these people who are unemployed in Wisconsin, Michigan, and Minnesota with which to do it. They are men who have worked in the mines for 30 years. They are now 50 years old. Nobody wants them; there is nothing else they can do while they readjust other than get some job from the city or county on public works. It is that or relief. But that is the main trouble when any bill that comes up that helps our own people. If this were a foreign aid bill there would be no trouble. But because it is a bill for America you want to eliminate here and eliminate there. You want to cut it here and you want to cut it there, you always have to put in restrictions, you always have to put in limitations so that when you get through with a bill for America there is little of anything that can be accomplished with it.

Whenever Congress finally comes in to do something for the people of America, something that will do some good for the people of this country, we have to make compromise after compromise. You put on restrictions, you put on qualifications and in the end you have so little left you can hardly accomplish but little with it.

I for one regret to see this amendment here to cut out schools for there is one of the greatest areas in which we could put people to work. There are many communities in the 14 counties in my district planning to build schools. That would put people to work immediately and would be of some real value to the only thing the people in my area have left, the education of their children. It would be one of the greatest things that could be accomplished if we included school construction.

But I know the cry that is raised when you talk about Federal aid to education. Those in rich impacted areas hold out their hands and cry, "Give it to us, give it to us, but not to the needy." I hope this bill is passed. It is a bill for our own people. It is one of the very few bills we get in a session that aims at helping our own people.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota.

The amendment was agreed to.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I listened with interest to my friend, the gentleman from Wisconsin [Mr. O'KONSKI], including his statement with reference to the District of Columbia and the high rate of income—I believe he said the highest per capita income of any city in the United States.

Mr. O'KONSKI. In the world.

Mr. GROSS. In the world, the gentleman adds; yet I notice that $18 million of relief funds in the last 5 years were paid out to people in the District of Columbia who were ineligible; that unemployment is rife in the District of Columbia—this little world of make-believe that Members of Congress reside in for too many months out of the year, I will add. All this despite a vast construction program in the District, which means that this proposal is not the answer to unemployment. What is being done in this legislation is the erection of another roost in the chicken-house so the chickens for the misdeeds of Congress can come home to roost, not only with respect to foreign aid but with respect to free trade. When I think of free trade, I think of my friend from Louisiana [Mr. BOGGS], who is always in the front row for free trade, always defending appropriations for foreign aid, all of these programs to get rid of the taxpayers' money someplace else.

Yesterday someone spoke about the loans we have made.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Louisiana.

Mr. BOGGS. I gather that the gentleman is against the trade program, he is against the aid program. Is the gentleman for this domestic program?

Mr. GROSS. I am for virtue, I will say to the gentleman.

Someone spoke about the lack of defaults on loans made under these various program. If you are going to finance this program with 50 percent direct Federal funds, then go to the Community Facilities Act for the other 50 percent, I do not see how you can have default of loans. And if there were defaults how would you take from a community a building, swimming pool, ski slide, or sewer system? Maybe the loans will be handled the way this Government handled the Japanese loan, I will say to the gentleman from Wisconsin, from whence so many of imports are coming under the free trade program of the gentleman from Louisiana.

What did we do with Japan? We lent them some $1,890 million after the war to get their factories going again. We sent machinery, we sent technicians to teach them how to run modern machinery. Then their products commenced to come back to us. So only a few months ago we settled this debt of $1,890 million, for how much? For some $470 million or $480 million.

A condition of the settlement was that $25 million of that money would go for

cultural and educational exchange, and the rest of the $470 or $480 million would be used, practically all of it, for the development throughout Asia of markets for the Japanese. Apparently not a cockeyed dime will come back to the U.S. Treasury to retire any part of the debt that was saddled upon the taxpayers of this country to provide this loan.

Go to Europe today and you will find modern shipyards with better equipment that the United States has to produce ships. We will get a bill here one of these days to provide another subsidy for the modernization of the shipyards of this country so that they can build ships in competition with foreign yards. Down the drain by virtue of the Free Trade Acts, by virtue of no tariffs, and by virtue of foreign aid—down the drain go the jobs of American workmen and the plants of American industry. Then you come in as of today and erect another roost in the chicken house, saddling upon the taxpayers of this country and the busted U.S. Treasury the cost of paying for this sort of thing.

In what kind of world of make believe do we live? In what kind of world of contradiction do we live? When are we going to stop this business?

Mr. SCRANTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCRANTON: On page 17, strike out the sentence beginning in line 17 and insert the following: "Notwithstanding any provision of such law requiring the Federal contribution to the State or local government involved to be less than a fixed portion of the cost of a project, grants-in-aid may be made under authority of this section which bring the total of all Federal contributions to such project up to 50 per centum of the cost of such project, or up to 75 per centum of the cost of such project if the State or local government does not have economic and financial capacity to assume all of the additional financial obligations required."

Mr. SCRANTON. Mr. Chairman, the object of this amendment I think is extremely clear. Yesterday in the argument on the floor of the House a matter was brought up with respect to this bill by the gentleman from Michigan [Mr. BENNETT], and commented upon by the gentleman from Minnesota [Mr. MACGREGOR], by myself, and also by the gentleman from Virginia [Mr. JENNINGS], as well as the author of this bill, the gentleman from Minnesota [Mr. BLATNIK].

Mr. Chairman, those of us who come from the areas that are intended to be helped by this bill would like it to really help them. There are no areas in the United States which have suffered longer from substantial and persistent unemployment than the areas which are supposed to be helped most by this bill, primarily those in Kentucky, southern Illinois, West Virginia, Pennsylvania, and the other States that have suffered intensely from unemployment.

Mr. Chairman, as many of us pointed out yesterday, though, if this bill is administered as it is supposed to be many of these areas will be helped because they need it in order to make themselves competitive with the balance of the Nation, nevertheless, many areas which have suffered longest from this problem are incapable of providing the 50 percent of funds necessary to take advantage of this bill. Therefore this amendment is proposed in order to allow those specific areas, particularly those which have suffered so long, to provide only 25 percent rather than 50 percent of the money. This does not eliminate their participation entirely.

Mr. Chairman, may I make one thing extremely clear? This does not change the total amount of Federal money contained in this bill whatsoever. It is very clear that the $900 million is going to be used, if the bill is passed. But what the amendment does is to make it possible for those areas that need it the most to participate in it to the fullest extent possible.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. SCRANTON. I would be glad to yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. The bill provides that only 10 percent of the amount authorized could go to any one State?

Mr. SCRANTON. That is correct.

Mr. VAN ZANDT. It does not alter in any way the 10 percent limitation?

Mr. SCRANTON. Not in the least.

Mr. VAN ZANDT. Is it not true that you are speaking about what are sometimes called ghost towns, and such ghost towns have been trying for years to rehabilitate their economy, only to find themselves having borrowed to the legal limits and without resources from which taxes are paid? Through this type of program of Federal assistance many of these communities will be economically strengthened, and their efforts to eliminate much of their chronic employment furthered considerably. I am pleased to support the gentleman's amendment.

Mr. SCRANTON. Yes. I thank the gentleman.

Mr. Chairman, I would add one more point: Many of these areas which have had this substantial and persistent unemployment for a long time have already expended millions of dollars locally to obtain industry and jobs for people, but they need, in order to be competitive with the balance of the Nation, such things as sewers, good water supplies, and other municipal facilities. Without such they cannot be competitive with those areas that are better off economically.

Mr. CLARK. Mr. Chairman, will the gentleman yield?

Mr. SCRANTON. I yield to the gentleman from Pennsylvania.

Mr. CLARK. I want to compliment the gentleman. We have discussed this on this side of the aisle, and for the information of all present we are very happy to go along, I am sure, with this amendment. It has been discussed on this side. I want to compliment the gentleman and I think I can say that we are happy at this time to go along and cosponsor this amendment.

Mr. SCRANTON. I think the gentleman.

(Mr. SCRANTON (at the request of Mr. BENNETT of Michigan) was given permission to proceed for an additional 5 minutes.)

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. SCRANTON. I yield to the gentleman from Michigan.

Mr. BENNETT of Michigan. Mr. Chairman, I should like to associate myself with the gentleman in his amendment and say I hope it will be adopted. It seems to me that the merit this amendment has lies in the fact that many of the areas most injured by long and persistent unemployment, and which need the help most, are the very areas that are not able to provide 50 percent matching funds. There are some municipalities in my district that could not provide 25 percent or 10 percent. And I suppose there are areas like that in other parts of the country. But at least the gentleman's amendment will, I think, make it possible for many of the distressed areas which otherwise would be completely excluded to derive some assistance and some benefit from this bill.

I hope the amendment is adopted.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. SCRANTON. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Mr. Chairman, I want to compliment the gentleman from Pennsylvania, Mr. Scranton, on his excellent statement and join with him in his amendment to help the most distressed and most depressed areas. I favor it strongly. May I point out that the gentleman has taken a position here which will help the people most in need of it in many of these fine communities which have suffered for years.

Mr. SCRANTON. I thank the gentleman. That is, indeed, the purpose of it, to help those areas which need it most. I think it will help the bill greatly to do just that.

Mr. BALDWIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I realize that the gentleman from Pennsylvania [Mr. SCRANTON] is very sincere in the amendment he has offered. I have listened to the reasons for offering the amendment. But those of us who feel that the bill, even as it came to the floor from the committee, involved too large a transfer of power from the Congress to the President, should be deeply concerned about this amendment. The basic sentence to which this amendment has been offered is the sentence that proposes a major transfer of power from the Congress to the President. It says:

Notwithstanding any provision of such law requiring the Federal contribution to be less than 50 per centum of the cost of a project, grants-in-aid may be made under authority of this section which bring the total of all Federal contributions to such project up to 50 per centum of the cost of such project.

The point I make is that the bill as it came from the committee gave the executive branch the power to waive all provisions that this Congress in its wisdom included in previous laws governing specific phases of activity of the Federal

Government; for example, in the water pollution control program this House in its wisdom provided for a Federal contribution up to 30 percent but in no case more than $800,000. The bill as it came to the committee gave the President the right to waive all the past judgment of this Congress and eliminate that requirement up to 50 percent. Now the amendment would give the executive branch of the Government a greater power to waive all the limitations that this Congress in its wisdom has put in that program or any other program up to 75 percent. And this would be true whether it is public housing, whether it happens to be community facilities which are in the form of loans, whether it happens to be water pollution control plants, or whatever it may be. Therefore, all those in this House who already are concerned about this particular provision of the bill and the transfer of power which it takes away from the Congress and gives to the executive branch, to waive all limitations that this Congress in its judgment has placed in previous laws governing specific phases of activity, should be opposed to this proposal to liberalize this provision even further and to transfer a greater power to the executive branch to waive all laws that we have in the past prescribed.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. BALDWIN. I yield to the gentleman from Florida.

Mr. CRAMER. The effect of this amendment would be just the reverse of what was intended. It will cover too little area and too few people. That is one of the problems. It does not help more than 125,000 people, 3 percent of the unemployed. Therefore it will not do the job. Therefore, if this amendment passes, even fewer projects will gobble up 75 percent, whereas it is now limited to 50 percent. That means fewer not more projects are going to have more money. Therefore, it is going to go in the opposite direction of helping more communities that need help.

Mr. BALDWIN. I thank that is right.

Mr. CRAMER. With reference to the provision of section 10 that requires them to increase their total public works by an amount equal to the non-Federal funds, this 75-percent increase in Federal funds will mean instead of there having to be a 50-percent total public works increase in any community, there will be only a 25-percent increase in public works activity in that community. Therefore, the effectiveness of the bill in the form of new jobs is being cut down 50 percent. Is not that correct?

Mr. BALDWIN. I think that is absolutely correct.

Mr. SAYLOR. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I wish it were my good fortune to represent one of those districts that does not need assistance. I might then be able to look at these matters and say that it would affect only a very few people and therefore you should not do it. But coming from a district which the Secretary of Labor says is the only class F district, with more unemployment percentagewise than any other district in the continental United States, it seems to me it comes with poor grace for Members of this House to say that they are not going to do anything in the way of public works to try to help areas such as mine, and this country of ours.

What has happened? The gentleman from Wisconsin [Mr. O'KONSKI] gave you the answer. If this were a foreign aid bill, you would have people on both sides of the aisle standing up and saying we have to do this for other people. The Good Book says that charity begins at home, and he who does not take care of his own is worse than an infidel. Certainly if we are going to do anything, let us try to help the areas in this country that need it more than anything else.

The amendment offered by the gentleman from Pennsylvania [Mr. SCRANTON] will offer help to areas in southern Illinois, Kentucky, West Virginia, and Pennsylvania, the ones really distressed and in dire need. Let us adopt this amendment. Maybe it will help only 3 percent of the unemployed, but a small percentage is better than nothing.

Mr. MADDEN. Mr. Chairman, I move to strike out the last word.

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Chairman, I was very much interested in the statement made by various Members regarding the particular districts this bill is going to affect. My district is a great industrial district. I was home last week. About 25 percent of construction crafts and steelworkers in my district are idle or working part time. Unskilled laborers are unemployed or working part time. Orval Kincaid subdistrict director of U.S. Steelworks gave me these figures. In the Gary steel mills out of approximately 18,000 workers 4,000 are unemployed. Of the remaining 14,000 steelworkers approximately 7,000 are working part time. In other words only 11,000 steelworkers out of 18,000 are fully employed.

Inland Steel and Youngstown Steel Co., located in East Chicago, Ind., are in about the same economic condition.

I have not heard any mention made on the floor regarding the people who are working part time. They say, "Well, there are 4 million people idle" or there are 5 million people idle." That is just a drop in the bucket when you think of the heads of families, the wage earners, in this country's industrial areas who are working part time. Many are working only 3 days a week. How is the man who is the head of a family going to buy anything except shelter, clothing, and food on 3 days' work a week? That man and his family are taken out of the market completely as far as purchasing automobiles, televisions and refrigerators and dozens of other products necessary for home comforts?

Mr. Chairman, I think this bill calling for 900 million to build public works, municipal facilities, highways, and so forth, is one of the cheapest investments we can make. My congressional district, for example, is not considered as a distressed area. Of course, as a matter of fact, it is a distressed area, although it may not be taken into consideration as a distressed area under this legislation. But there are numerous workers and people in factories who are working part time. Those workers who are heads of families are very much discontented because they cannot buy anything except food, shelter, and clothing. They cannot send their children to colleges and universities and provide them with some of our economic abundance.

I am not interested in whether this bill says that the First District of Indiana is going to directly benefit or not. It will benefit. The First Congressional District of Indiana will benefit if this bill is enacted into law, and I will tell you how. Because these areas that will be benefited are going to build some factories; they are going to build some sewage disposal plants and they are going to build municipal facilities and highways and numerous other necessary projects. All this expansion will require steel; require lumber; require brick; to require cement and hundreds of kindred products. When that happens in all these other districts, the steel mills in Gary and Hammond and East Chicago and Pittsburgh and Los Angeles and Birmingham will immediately feel the effects of that construction and production. Millions of families will benefit throughout the whole country regardless of which particular congressional district it is going to affect directly.

Let me say to you Members from the rural areas that your areas will be benefited because millions of families throughout the entire Nation will be buying farm products that they would not otherwise be buying.

This is one of the greatest pieces of legislation to be enacted in this session of Congress. It will instill into the minds of the people of this country that the free enterprise system can bring prosperity in this great country of ours and also give help to millions of families that need help.

I remember in 1930, 1931, 1932, 1933, and 1934 when the Communist agitators were rampant in the Calumet region of Indiana, they did not have very much trouble getting membership for communism. Unemployment was infesting the cities of America. Heads of families were standing in soup lines waiting to get something to eat. They were waiting in line in front of banks to withdraw their savings before they closed their doors. Those are conditions that breed communism. That is why you must realize that the money that is being appropriated or authorized in this bill is not money that is dropped into a rathole. This $900 million will start projects and construction across the country that will help to soothe the minds of millions of discontented and unemployed people and millions of families in this country who need this help and who need it today.

Furthermore, this legislation is going to bring in additional taxes. The $900 million in this bill will bring people into employment to draw paychecks. They will pay taxes. Goods and products will

be produced, and the manufacturers will pay taxes. A great deal of this money will come back into the Treasury of the United States.

I hope and trust that this legislation will pass on the floor of the House today by a great majority, because God knows the country needs it.

Mr. CORBETT. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I will only use part of the time, but I want to get the minds of the members of the committee back on this important amendment.

This amendment should be supported by anyone who supports the bill, because obviously if you can justify this bill on the ground that people need legitimate employment, then it follows that in those communities which have been hardest hit and cannot afford to pay 50 percent of a project, we give them something additional in order that they can be helped.

What the bill presently is saying is that those communities that are not badly hit will get the aid, but those that are suffering the most will be deprived of getting the help. It is like saying to a person who is a little sick that he can have a doctor, but the person who is real sick cannot have anything.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield.

Mr. EDMONDSON. The gentleman is making a very persuasive argument that the Scranton amendment be accepted.

Mr. CORBETT. I think the gentleman recognizes that some people who are against this bill are against this amendment, and it is for the identical reason. I say that if you are for the bill and want to help the people who have been hardest hit and are in the greatest distress then you should support the amendment.

Mr. HECHLER. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield.

Mr. HECHLER. I think this is a fine amendment. I hope it receives a lot of support.

Mr. CORBETT. I thank the gentleman and yield back the balance of my time.

Mr. DENT. Mr. Chairman, I offer a substitute for the Scranton amendment.

The Clerk read as follows:

Amendment offered by Mr. DENT as a substitute for the amendment offered by Mr. SCRANTON: On page 17, immediately below line 22, insert the following:

"(d) If the President determines that an eligible area suffering unusual economic stress (because of a sustained extremely severe rate of unemployment or an extremely low level of family income and severe underemployment) does not have economic and financial capacity to assume all of the additional financial obligations required for any Federal public works project, or public works project of States and local governments for which financial assistance is authorized under provisions of law other than this Act, then such Federal public works project shall be initiated and accelerated, or financial assistance provided, pursuant to this section, without regard to any provision of law limiting the amount of such assistance to a fixed portion of the costs involved, or requiring local participation in such Federal public works project, except to the extent that the President determines, after surveying the resources available, that such eligible area has economic and financial capacity to assume such additional financial obligations."

And reletter the following subsections accordingly.

Mr. DENT. Mr. Chairman, I say that the sponsor of the amendment for which I am now offering a substitute is honest in his efforts to help the districts that he talked about. I know also that the other gentlemen from Pennsylvania who rose to the occasion to support the amendment offered by the gentleman from Pennsylvania [Mr. SCRANTON] were also of the opinion that they were putting themselves in the position of aiding Pennsylvania communities. But you just are not aiding them a bit, because the effort that has to be made by the local community is now only 20 to 25 percent of the total cost of the project. Under Pennsylvania law the State of Pennsylvania accepts one-quarter or more of the cost of a project with 50 percent coming out of the Federal Government. The local community then must raise the additional 25 percent. The Scranton amendment does not do a single thing for the local community that he wants to help and not because he does not want to help them, but I do not think he is aware of the situation in Pennsylvania. I have in mind a particular community that right now is trying to get a project and has for 2 years, a community which has an unemployment figure of 17½ percent. It cannot possibly raise money to meet its share of the costs. It is a flood situation which has made the area unattractive to industry which might be brought into the community. Therefore the community has no prospects of increasing its income or of meeting the requirement under State law. There is a State law limiting the amount of bonded indebtedness a community may incur. They have reached that limit and therefore cannot borrow on municipal bonds. They reached that limit a long time ago.

Pennsylvania law provides that a local community must raise 25 percent and that the State government would add to the amount needed to qualify under the Federal program. My substitute will eliminate this requirement under circumstances where proof is given, proof positive, that the local community cannot borrow the money, because of the economic conditions relative to its depressed situation, and where it cannot meet its obligation. Every project in Pennsylvania will receive absolutely no help under the Scranton amendment simply because it will receive only 25 percent.

Mr. SCRANTON. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Pennsylvania.

Mr. SCRANTON. There is nothing in my amendment which precludes the State of Pennsylvania from assuming the 25 percent of the funds. It could say to the local community, You have to pay the 25 percent or under my amendment, the Federal and State governments together could provide the whole 100 percent.

Mr. DENT. Before my time runs out, let me stop the gentleman. There is nothing in my amendment that allows the State of Pennsylvania to get out from under paying its share, because the local community can prove itself to be a depressed area, but the State of Pennsylvania as a whole cannot. I have a qualifying factor in this amendment where the conditions of the depression must be met by the local community only; therefore, the aid which we are hoping to give can only be given by acceptance of this substitute. The language of the gentleman's amendment precludes what we are trying to do.

Mr. SCRANTON. No. Under my amendment, the State of Pennsylvania can assume the 25 percent, and the Federal Government 75 percent.

Mr. DENT. Who will pay the 25 percent?

Mr. SCRANTON. The local community does not have to pay any share at all if they are in that kind of condition.

Mr. DENT. Your amendment would allow every community to sluff off its responsibility, which is exactly what has been said here, regardless of need. I am putting in a stipulation which must be met by dire need in the local community and not on a State level. You are giving the State 75 rebate percent of all projects whether it proves need or not. The State of Pennsylvania cannot pay the 25 percent now required.

Mr. ICHORD of Missouri. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Missouri.

Mr. ICHORD of Missouri. There are other depressed areas, other than the State of Pennsylvania. How will the amendment offered by the gentleman from Pennsylvania apply to the other States?

Mr. DENT. They will receive consideration after examination as to their ability to pay whatever their share may be.

Mr. ICHORD of Missouri. I just want to make it clear that the Congress is not legislating for the State of Pennsylvania alone.

Mr. DENT. I understand that. I am trying to say the method that is employed in most of the States of the Union, it is Federal, State, and local participation. Under the amendment offered by the gentleman from Pennsylvania [Mr. SCRANTON], much as I would like to see it do so, it will not help the situation in Pennsylvania.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

(By unanimous consent (at the request of Mr. FULTON), Mr. DENT was allowed to proceed for 3 additional minutes.)

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Actually, what the gentleman from Pennsylvania [Mr. DENT] is doing by his amendment, and what the gentleman from Pennsylvania [Mr. SCRANTON] is doing by his amendment, is aiming to take care of more distressed communities that cannot afford the provisions of the present bill with a 50-percent requirement of community par-

ticipation. Therefore, both gentlemen are going in the same direction. The question is, in connection with these amendments, whether the State of Pennsylvania can pick up 25 percent of the cost of the project, in addition to 50-percent Federal participation. I believe that the State of Pennsylvania or any State can well pay the 25 percent. Or if it is not the local community that can pay, the county can pick up that portion of the cost or any other State subdivision can pay this cost. I do not think we Members from Pennsylvania should disagree with each other as to method when the policy proposed is so helpful to our more distressed communities. We Members should unite and try to get some sort of compromise for these communities that are the low level communities and have run out of money. I would ask the gentleman from Pennsylvania [Mr. DENT] to look at the situation and see if we cannot join in the compromise. After all, the Scranton amendment is a compromise as between the Senate 90-percent position and the House bill provision 50 percent of local community participation.

Mr. DENT. The State law provides 25 percent. Therefore, the State has to amend its laws to be able to pick up the 100 percent.

That is the only thing you would be able to do and help a local community.

Mr. FULTON. The point is this: Pennsylvania or any other State——

Mr. DENT. That is right. I speak of our State because I happen to know it.

Mr. FULTON. If the gentleman will yield further, any State should really be called on to put up a little of the money because many of us fail to see the necessity to have the proposed local projects financed 100 percent by Federal money. There is where the distinction lies—simply between the 25-percent increase in Federal participation under the Scranton amendment and the extra 50 percent that increase under the gentleman from Pennsylvania, Mr. DENT's amendment which would cause the Federal Government to pay 100 percent of the cost of local public works projects. My point is why not have the State of Pennsylvania and the other States put up some part of the cost? Twenty-five percent in my opinion is fair under the Scranton amendment. Why do not we Members from Pennsylvania get together on this proposal insofar as Pennsylvania is concerned?

Mr. DENT. Would the gentleman from Pennsylvania [Mr. SCRANTON] allow himself to be interrogated a minute? I would like to ask a question of the gentleman.

Mr. SCRANTON. If the gentleman will yield, yes; go ahead.

Mr. DENT. Under the gentleman's amendment the gentleman says up to 75 percent of the cost of the project would be furnished, if the State or local government does not have adequate financial capability. In the State of Pennsylvania, particularly your State, the State now does pick up the 25 percent plus the Federal 50 percent. How can the local governments qualify for the 25 percent?

Mr. SCRANTON. If the gentleman will yield further, under my proposed amendment there is a determination by the administration of the Federal Government as to whether the State or local community can take care of 50 percent. If they can, they do. If they do not, then they are allowed to give out of the Federal Government 75 percent. Under the State law of Pennsylvania it is possible for the State to take up the other 25 percent. If not, the legislature can change the law to do so. I would be delighted, sir, to go along with your substitute to my amendment if I thought the House would pass it. There is a very strong feeling in the House of Representatives that there should be local participation on a State or local level in every one of these projects.

Mr. DENT. It cannot be more than 25 percent under the amendment.

Mr. BLATNIK. Mr. Chairman, I rise in opposition to the substitute amendment, and ask for a vote on the substitute amendment.

Mr. ICHORD of Missouri. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in favor of the substitute amendment offered by the gentleman from Pennsylvania [Mr. DENT] and against the amendment offered by the gentleman from Pennsylvania [Mr. SCRANTON], for the reason that I believe that the gentleman from Pennsylvania [Mr. SCRANTON] has forgotten that there are other depresssed areas in these United States of America other than the State of Pennsylvania.

Mr. Chairman, I also rise in favor of the bil as one who voted against foreign aid, and who voted for all killing amendments as well as against the bill, who voted against the extension of the debt limit ceiling, as well as one who voted with the gentleman from Iowa against the trade bill. I think the Congress shall rue the day that it passed the trade bill just a few weeks ago.

Mr. Chairman, I would like to make just a few remarks on the adjective "consistent." I commend the gentlemany from Iowa [Mr. GROSS]. I think he has adopted a consistent position in being against this bill. I think that the gentleman from Iowa is consistently consistent. I think that the gentleman from Wisconsin is still consistent in his position, because he voted against the foreign aid bill. He is what I would call pragmatically consistent. But it will be an inconsistent position indeed of the gentleman who votes for foreign aid—the foreign aid giveaway—which has given away $106 billion since the conclusion of World War II and which has built highways in South America for example which are in and end in nowhere and which, in my opinion, have only served the purpose of making the rich richer and the poor poorer and who, today, votes against the bill under consideration—I repeat it will be an inconsistent position indeed for the man who voted for the foreign aid bill and votes against this domestic aid bill.

Mr. SCRANTON. Mr. Chairman, will the gentleman yield?

Mr. ICHORD of Missouri. I yield to the gentleman from Pennsylvania.

Mr. SCRANTON. Mr. Chairman, I think I should point out, in view of the gentleman's comment about me, that I was interested in only one State, that I made very clear the reason for this amendment was to take care of those areas which have been consistently depressed for some time; and I mentioned many States other than Pennsylvania in which there are such areas. My amendment will help them all.

Mr. ICHORD of Missouri. Let me advise the gentleman from Pennsylvania that he had to resort to talking about raising money, 25 percent, on the State level which would keep the local unit from having to raise the money. But there are other States that have depressed areas, that do not have the ability, the means or the law to raise the 25 percent. And that is why I support the position of the gentleman from Pennsylvania [Mr. DENT].

Mr. SCRANTON. Mr. Chairman, will the gentleman yield further?

Mr. ICHORD of Missouri. I yield.

Mr. SCRANTON. I have already stated that I would be delighted to support the amendment offered by the gentleman from Pennsylvania [Mr. DENT] if the House would agree to it.

Mr. BLATNIK. Mr. Chairman, I move that all debate on the substitute amendment and the original amendment conclude in 5 minutes.

The CHAIRMAN. The question is on the motion.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, the question in the amendment of the gentleman from Pennsylvania [Mr. SCRANTON] and the amendment of the gentleman from Pennsylvania [Mr. DENT] is whether we shall make a special allowance for communities that have had long time unemployment and have been for a long time in a depressed area status and are not able to finance their own projects with a 50-percent contribution. I believe these amendments intend to make the bill a better bill.

Mr. CLARK. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I will be glad to yield.

Mr. CLARK. I should like the gentleman to understand that I am for the Clark-Scranton amendment right down the line.

Mr. FULTON. I congratulate the gentleman and I hope we can obtain passage of the amendment with him on a bipartisan basis. The question before the House is, Shall we have a provision in this bill that will make possible financing all projects by a Federal contribution alone, or must we require that there be local or county or State contributions? I believe the advisable compromise is the Scranton amendment which requires local or State contribution.

I do not want to give up the local participation requirement. Even for communities that are having a hard time, I believe they would wish to stand on

their own feet and help themselves to the extent they can. That is where the Scranton amendment has the greater weight than the amendment of the gentleman from Pennsylvania [Mr. DENT].

I would ask the House to vote for the Scranton amendment as a successful compromise between the 50-percent provision of the House bill and the 90-percent position of the Senate bill in this regard. I am very glad to support the purposes of each amendment, but I do think the Dent amendment goes too far in governmental practice, to place the entire cost on the Federal Government of local projects.

Mr. ICHORD of Missouri. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. ICHORD of Missouri. What about the position of the gentleman from Oklahoma and the gentleman from Missouri, where we have no authority to raise the 25 percent on the State level?

Mr. FULTON. The State legislatures can quickly remedy that condition, in any States that want to participate in the proposed Scranton provisions to help the poorer and more distressed communities.

I would say this to you. This bill should not be passed as a solely Federal program. It should be a program in which the local communities participate. We should retain the position that the local communities are not just given a 100-percent Federal WPA-type grant. There is the requirement that they see that the tax money is well spent, and the best way to obtain this assurance is to require local participation, so the local taxpayers will watch the financing and determine the necessity for the projects. Under the Dent amendment it looks to me as if it takes away local responsibility, so I favor strongly the Scranton amendment approach as retaining local responsibility as well as helping the most distressed communities.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. CRAMER].

Mr. CRAMER. Mr. Chairman, we have gone full round and made this a truly, or, as it is being proposed, a 100-percent Federal participation or grant WPA program. The chairman of the subcommittee agreed to the 75-percent amendment, which I opposed. He has not agreed to the 100-percent amendment. He has gone to 75 percent. For what reason does he not agree to the 100 percent?

This is a bad bill. These amendments prove it is a bad bill. The effect of these amendments being offered by the proponents I do not think are fully known and considered by the proponents, because actually the effect of either one of these amendments, the 75- or the 100-percent amendment, will mean no increase in authorization, it will as a matter of fact result in half as many communities getting money. Only 50 percent of the communities will qualify for the money because 100 percent will be available. It means further that unless the authorization is increased it is obviously going to take away 50 percent of the communities.

The concept of this whole bill was that 50 percent would be provided by the communities and 50 percent by the Federal Government. The result would be $900 million for the unemployed in additional work or $1.8 billion total including 50 percent local matching. That is a fact. We are now traveling in the opposite direction. The amendment that eliminates the schools leaves in ski slides. It takes out school construction but also takes out participation in projects where the Government is already participating, such as college dormitories and other facilities. That has been striken.

So I say this amendment shows unequivocally that the only thing to do if this is not to be a fiasco is to send this bill back to the committee on a motion to recommit. Otherwise far more harm will result than under the original bill.

The CHAIRMAN. All time has expired.

The question is on the substitute amendment offered by the gentleman from Pennsylvania [Mr. DENT] to the amendment offered by the gentleman from Pennsylvnaia [Mr. SCRANTON].

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 10, noes 121.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania, Mr. SCRANTON.

The question was taken; and on a division (demanded by Mr. DENT) there were—ayes 122, noes 70.

So the amendment was agreed to.

Mr. FLYNT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FLYNT: Page 16, line 17, strike out the period after the word "areas", insert a semicolon and the word "and", and add a new paragraph as follows:

"(3) any other area which the governing official or governing body thereof certifies to the Secretary of Commerce is an area of substantial unemployment."

Mr. FLYNT. Mr. Chairman, this amendment has been discussed at some length with the chairman of the subcommittee and with the committee counsel. Its purpose is to resolve disagreements when a bona fide disagreement exists between a local community and the Bureau of Labor Statistics. For example, in the Fourth District of Georgia there are four counties and one city in that district which are classified as areas of substantial unemployment. In two instances, one in the eastern part of the district and one in the western part of the district, a county presently classified as an area of substantial unemployment has substantially the same ratio of unemployment, according to the figures of the Bureau of Labor Statistics, as an adjoining county. Yet one is classified as an area of substantial unemployment while the other is not so classified. In view of the fact that in at least one of these counties the differential is caused by what we refer to as seasonal employment in the food processing industry, there is a hardship worked on the county which has more unemployment than another county adjacent to it which has a classification as an area of substantial unemployment.

The purpose of this amendment is to permit the filing of appliactions by cities and counties which in good faith believe themselves to qualify as an area of substantial unemployment. Under the terms of my amendment the burden of establishing such eligibility would be upon the applicant.

The adoption of this amendment would not of itself authorize a grant to an ineligible area because eligibility would have to be established. It would, however, permit the filing and processing of applications submitted in behalf of areas where the governing official or governing body certifies that such area is an area of substantial unemployment and the area concerned could be authorized to receive a grant under the provisions of this act if it were determined to be eligible during the period intervening between the filing of the application and the time the decision upon the application is made.

Mr. BLATNIK. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman from Minnesota, the chairman of the subcommittee.

Mr. BLATNIK. The gentleman from Georgia raises a very pertinent and important point. I discussed it with the gentleman from Georgia and several members of the Committee on our side. We were most sympathetic with the problem which he has in mind and which he is trying at least to correct with this amendment. However, the amendment does cause complications and some contradictions. There would be conflict of jurisdiction between the Secretary of Labor and the Secretary of Commerce over the question of surplus labor areas.

So I would ask our colleagues to vote down the amendment but state that we have a full realization of the importance of the problem.

The preliminary report shows there is a fair amount of administrative discretion in these areas contiguous to an area already designated as an area of redevelopment in the matter of labor surplus. We hope this matter of administrative discretion can be followed up to correct the inequities the gentleman from Georgia brings up.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

(On request of Mr. ICHORD of Missouri, and by unanimous consent, Mr. FLYNT was allowed to proceed for 5 additional minutes.)

Mr. RAINS. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I gladly yield to the gentleman from Alabama.

Mr. RAINS. Following up the statement of the Chairman of the Committee, the area redevelopment legislation which, as the distinguished gentleman from Georgia knows, has been the cause of a great many complaints, and it strikes me as rather odd, for instance, with the city split by State line, one side of the city may be eligible and the other side not. Also I know in my home

State an instance where a county line splits a certain city in two parts; one side is eligible, the other side is not.

I will say to the gentleman that I think that part of the area redevelopment arrangement should be changed and that it should be considered in regions instead of by county lines.

I do not mean to tell my distinguished friend from Georgia that I know I can correct it, but I will say this, he has pointed out something that I think ought to be done, and we are going to do our best in the committee to correct it.

Mr. FLYNT. I thank the gentleman from Alabama and the gentleman from Minnesota. But in reply to what the gentleman from Minnesota said, I will say that the problem to which he refers is more imaginary than real, for the reason that the language of the amendment which the gentleman from Georgia has offered would not mean necessarily—as a matter of fact, it could not mean—that an ineligible area could receive a grant.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman from Arkansas.

Mr. HARRIS. I want to commend the gentleman for bringing this question up. When the Area Redevelopment program was being debated on the floor of the House, I had some questions of members of the committee about it. Since this question was brought up here, and the gentleman from Alabama [Mr. RAINS] responded, I can specifically mention Texarkana and Miller County, Ark. Texarkana is a divided city—Texarkana, Ark., and Texarkana, Tex. But under the administrative procedure Bowie County is included as eligible under the ARA program. Miller County is not. We had this question up with the administration, and we have it up now. I think the Congress should take whatever action is necessary. You cannot tell me that there is a difference in the economic conditions that exist in Bowie County, Tex., and Miller County, Ark., or Texarkana, Ark., and Texarkana, Tex. It is a gross discrimination, and I insist now, as I have in the past stated, the situation ought to be corrected.

Mr. FLYNT. I thank the gentleman for his remarks. I believe the amendment which I have offered will correct the inequity the gentleman from Arkansas has described.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. I want to join the chairman of the subcommittee in assuring the gentleman from Georgia that if we do not get through administrative channels the flexibility and the recognition of local conditions, seasonal employment, such as the gentleman is talking about, which they have the authority to do if they use commonsense and discretion, if we do not get that from them under this program, I would join the gentleman in pressing for the exact amendment he is proposing. But I think it can be met administratively if they want to do it.

Mr. FLYNT. I thank the gentleman. I am convinced of the gentleman's sincerity, but I will say, Mr. Chairman, if we want to accomplish that which the gentleman from Minnesota and the gentleman from Oklahoma both concede should be done, the most effective way to do it is by writing appropriate language into this legislation.

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman from California.

Mr. TEAGUE of California. Does the gentleman from Georgia have any knowledge as to how up to date these figures are as put out by the Department of Labor Statistics? I made a statement about Oxnard, Calif., and the wire services said my district was classified as depressed and rather large unemployment. I received a telephone call from the leading newspaper of Oxnard that this was news to them; they did not know they had so much unemployment.

Mr. FLYNT. The gentleman has given an excellent example. In reply to the question, I will say that under the law, as I understand it, the Secretary of Labor, through the Bureau of Labor Statistics is required to keep this information up to date, month by month. I think the gentleman will agree with me that there are delays, which are no fault of the Congress, but which may be the fault of the agency within the executive branch, in this instance the Bureau of Labor Statistics, which did not comply with the law that they keep them up to date from month to month. I think the gentleman has made a good contribution to this, and I thank him for his observation.

Mr. Chairman, I ask for the adoption of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. FLYNT].

The amendment was rejected.

Mr. CLARK. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. CLARK asked and was given permission to revise and extend his remarks.)

Mr. CLARK. Mr. Chairman, this bill strikes directly at our trouble, unemployment. Many of the bills passed in the last few years have not dealt directly with the unemployment problem. That is exactly what this one does. What has caused unemployment? The average worker today is producing five times what he produced 20 years ago. In 1958 if we had no unemployment compensation we would have had a bigger depression that we had in the early thirties. Unemployment compensation put into the hands of the unemployed money, not to hoard or bank but to spend. Buying power kept our country going. Today, we need to start many projects especially where we do not have defense plants to take up the slack of the unemployed. This is the way to do it. People today want to earn their money. This is the decent and also the American way to handle this problem of the unemployed. Start these projects that are needed in areas of unemployment and get America going full speed ahead. This public works acceleration bill has special advantages over the tax cut that the distinguished gentleman from California spoke about yesterday, particularly with regard to depressed areas.

First. The expenditures can be directed to areas of greatest need, and at the same time the benefits will be felt throughout the whole economy through the purchase of construction and other materials needed in the projects; the areas of chronic unemployment will be especially helped through the additional incomes and by countering their economic stagnation.

Second. Also, a public works program creates employment directly and immediately. Under a tax relief, jobs are created only in response to the additional spending of the taxpayer who is left with a little more disposable income. Though such a measure might be effective for stimulating general economic activity, it will not provide relief to our depressed areas as quickly; these depressed areas contain most of our unemployed, and more important, they have almost all of the long-term unemployed and the hidden unemployment. In June of this year, 1 million persons had been unemployed 15 weeks or more; about 600,000 of these long-term unemployed had been looking for work for over 6 months.

Question: Would not this public works program necessitate a deficit?

Actually, it is the continued slack with 4½ million men and women unemployed which is creating the Federal deficit and is, at the same time, creating the need for this bill to put people back to work. Our greatest peacetime deficit, $12 billion, came as a result of the 1958 recession, and three-fourths of that deficit resulted from loss of Federal revenues.

Also, in the fiscal year 1961 we spent over $4 billion in unemployment compensation. The cost of unemployment is high, whether we measure it in terms of human misery or in the dollars and cents terms of lost production and increased Government outlays for relief payments. Essential as they are, unemployment compensation and welfare payments are costs, rather than investments such as this bill would provide.

A total of $24 billion has been paid out in the last decade for unemployment compensation alone. As you can readily see, the cost of doing nothing is much greater than the cost of our taking strong affirmative action to put the unemployed to work.

Question: Would not this public works acceleration bill be inflationary?

The answer to that question is a strong "No." Because this bill is aimed directly at providing jobs for those now unemployed, it cannot be said to be in any sense inflationary. I recognize that if demand were stimulated at a time when the economy were operating at full capacity, it would increase the competition for workers and productive capacity

already employed, and the result might be to bid up prices. The unemployment statistics and steel operating capacity statistics clearly demonstrate that this is not the case today, and that it will not be in the immediate future. This bill will take up some of the slack in our economy, bringing idle plant and labor back into productive use without affecting the price level.

Question: How would this bill work?

The bill as reported would authorize the appropriation of $900 million to accelerate construction of Federal, State, and local government public works. Eligible State and local projects would be limited to those for which Federal assistance has already been authorized under other laws. Under this bill, for example, water and sewer systems, public buildings and hospitals, streets and sidewalks, et cetera, could be aided by Federal grants covering up to 50 percent of the cost. Schools, however, would not be eligible. Luxury projects are ruled out by the requirement that the facility aided must meet an essential public need. There is not any back-door financing in this bill; all the funds authorized must be appropriated by the Appropriations Committee. To say so is to clearly distort the truth. Let us now have bipartisan support on this bill and pass it today with an overwhelming majority. This is a U.S. public works bill, not a foreign aid

Mr. ALBERT. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Oklahoma [Mr. ALBERT] is recognized for 5 minutes.

public works bill.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. ALBERT. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. Mr. Chairman, I ask unanimous consent that the gentleman from Oklahoma [Mr. ALBERT] may proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ALBERT. Mr. Chairman, I regard this bill as one of the most important bills to be considered by this session of the 87th Congress. The Committee on Public Works which has brought this bill to us, has done a very splendid job; the high quality of the debate and cogent explanations of this measure demonstrated this fact beyond any question.

Mr. Chairman, I say that this bill is one of the most important legislative measures to come before the House during this session because it involves American communities suffering economic distress and because it involves American people living in these areas. This bill is of major and vital importance because it is designed to spur the economies of these distressed areas and to give their people opportunities for useful work. This is truly an American proposal to help our own communities and our own citizens. In my opinion it offers the opportunity for jobs as against public relief, for hope as against despair, for dignity as against humiliating idleness.

Mr. Chairman, the charge has been made that this is a political measure. This charge in my opinion is unfounded. It seems to me that the problems of people who are unemployed through no fault of their own, of communities whose economic conditions are a blight on the overall economy, are problems that are within the proper legislative jurisdiction of the Congress of the United States.

Mr. Chairman, I have the highest regard for every Member of this House. I certainly have nothing but a high regard for those who disagree with me on this matter. I respect and hold in high esteem every Member of the minority and every Member of the minority on this committee. But, Mr. Chairman, I was a little surprised that some of these Members would attach their signatures to language which contains what I believe to be the unfounded and inaccurate charge that the public works employment bill would give the President of the United States a $900 million blank check to use for political purposes.

Mr. Chairman, I shall quote from the report beginning at the bottom of page 58, the conclusions of the minority:

> The real end result of this bill is to give the President a book of blank checks with authority to draw $900 million from the Treasury of the United States and to use such amounts thereof as he decides for the construction of projects he selects in localities of his choosing. Under the authority of this bill the President can approve or withhold funds for projects in such a manner as to coerce Members of Congress to support his New Frontier program.

Mr. Chairman, that is not only an unprecedented and scathing charge with respect to the man who has been elected as President of all the people, but it seems to me that it is a charge against the good faith of the committee—the great Public Works Committee that has brought this bill to the floor—a committee that has approved projects under Democratic leadership and under Republican leadership in almost every Congressional district in the United States.

Mr. Chairman, I cannot believe that my friends across the aisle were serious when they wrote this. I cannot really believe that they would actually impugn the motives of the man elected to the highest office in our country. On many occasions during the Eisenhower administration, a Democratic Congress authorized tremendous sums to be made available to the President of the United States for unspecified projects. Under our housing programs we authorized billions of dollars for urban renewal, college housing loans, community facilities loans, low-cost public housing and other programs, leaving it to the Executive to determine which projects would be approved and which would be cut back or rejected.

In 1959, a Democratic-controlled Congress gave President Eisenhower $650 million for urban renewal grants alone. There were no strings attached and we did not even undertake to dictate to the administration which projects would be approved for these two-thirds grants.

Mr. Chairman, the charge made in this minority report is particularly unfounded since all funds authorized by this bill are subject to the usual appropriations process. The President will have to come back to the Committee on Appropriations and to the Congress to obtain the necessary funds. Moreover, any Federal project to be aided has to be one which has been specifically authorized by the Congress. In the case of State and local projects aid is confined to those types of projects for which Federal assistance has already been authorized by the Congress.

Mr. Chairman, I go back to my original statement. This charge of politics simply obscures the real issue and import of this legislation. The question here is whether or not we are willing to do something to help 4 million unemployed Americans and stimulate American business activity generally.

This bill was carefully drawn by a great committee to create employment through the construction of urgently needed projects in areas suffering most seriously from unemployment.

I am sure that whether Members favor this bill or not, the overwhelming majority of the Members of this House on both sides of the aisle, agree that this is the motive and intent of this legislation.

Mr. Chairman, the issue is clear. A vote for this bill is a vote to provide useful jobs for American people who are out of work. The bill gives American citizens who are now unemployed, now unable to do for their families that which every father and mother hopes to do, the opportunity to share in the prosperity which most of our citizens enjoy.

Mr. Chairman, I sincerely urge the adoption of this bill.

Mr. ST. GERMAIN. Mr. Chairman, this bill authorizes the appropriation of $900 million to be used for the construction of public works projects to help solve the problem of unemployment in labor surplus areas throughout the Nation while at the same time building useful community facilities that will add to the long-term growth of our cities and towns. The bill will stimulate the economy because of the purchase of construction materials for the projects and it will have a multiple effect as the money on the material is respent on other items. The forecast shows that at least 150,000 persons will be added to the employment roles as a result of the enactment of this legislation and an additional 150,000 persons will be employed because of the resultant respending of the amounts used for the purchase of the construction materials and the multiple effects of any increase in employment and national income.

A further provision of the bill establishes the Office of Public Works Coordination and Acceleration which will provide the Congress and the President with essential information regarding the backlog of public works projects and the status of construction in addition to providing aid for the planning of the future needs of the Nation. This will

encourage the local agencies to develop orderly capital improvement projects with the economies that result from planning and careful consideration of the needs of the community. This Office will act as a clearinghouse for ideas and a center for the coordination of efforts for the improvement of public facilities for our local areas.

The program provided in this legislation will not be a slipshod amalgamation of all types of projects, costing varying sums of money with a variety of effects on the nationwide level of employment. There are provisions in the bill that assure that the aid will be used for projects that would not otherwise be undertaken so that there will be a positive increase in the employment level of the area in which the project is to be undertaken and in the level of employment for the Nation. The bill requires that the projects must be such that the bulk of the employment will be felt within a 12-month period. Under the program, the Federal Government can provide up to 50 percent of the total cost of the public works project. The Federal contribution can be a combination of acceleration funds and funds such as those under the Federal Water Pollution Control Act.

Rhode Island will be directly affected by the enactment of this legislation. In order to be eligible under the provisions of the acceleration program, the local areas must be classed as a redevelopment area under the Area Redevelopment Act. The Providence-Pawtucket area has been so designated and is eligible for grants-in-aid under the new program. This means, in effect, that almost every community in the State can apply for funds to accelerate its essential public works projects when this legislation is enacted into law.

As of the present time, there are four Rhode Island communities that have completed their plans and await the authorization of funds in order to start the construction. Two cities, Woonsocket and East Providence, have completed their preliminary plans and await the funds to do the rest of the planning and begin the project at an early date. The funds under the acceleration program can be used for the construction of sewer and water systems, the construction of public buildings, and the building and modernization of nonprofit hospitals and correctional institutions.

The enactment of this legislation should prove of great benefit to the State of Rhode Island. Not only will there be construction of needed public facilities but an increase in the employment picture for the State. The increase in demand for the products of our plants and industries will also be a stimulant for the entire economic level of the State. I do not mean to imply that it will be a full solution but it will prove to be of great benefit to our situation and aid in the already developing plans to boost the economic status of the State of Rhode Island.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. KEOGH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 10113) to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes, pursuant to House Resolution 755, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. CRAMER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. CRAMER. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CRAMER moves to recommit the bill H.R. 10113 to the House Committee on Public Works.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

Mr. CRAMER. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 192, nays 221, not voting 22, as follows:

[Roll No. 208]

YEAS—192

Abbitt
Abernethy
Adair
Alexander
Alger
Anderson, Ill.
Arends
Ashbrook
Ashmore
Auchincloss
Avery
Ayres
Baker
Baldwin
Barry
Bates
Battin
Becker
Beckworth
Beermann
Belcher
Bell
Berry
Betts
Bolton
Bow
Bromwell
Broomfield
Brown
Broyhill
Bruce
Burleson
Byrnes, Wis.
Cahill
Casey
Cederberg
Chamberlain
Chenoweth
Chiperfield
Church
Clancy
Collier
Colmer
Conte
Cramer
Cunningham
Curtin
Curtis, Mass.
Curtis, Mo.
Dague
Davis, James C.
Derounian
Derwinski
Devine
Dole
Dominick
Dooley
Dorn
Dowdy
Downing
Durno
Dwyer
Ellsworth
Findley
Fisher
Ford
Frelinghuysen
Garland
Gary
Gathings
Glenn
Goodell
Goodling
Griffin
Gross
Gubser
Haley
Hall
Halleck
Hardy
Harrison, Wyo.
Harsha
Harvey, Ind.
Harvey, Mich.
Herlong
Hiestand
Hoeven
Hoffman, Ill.
Horan
Hosmer
Hull
Jarman
Jensen
Johansen
Jonas
Jones, Mo.
Judd
Keith
Kilgore
King, N.Y.
Kitchin
Kunkel
Kyl
Laird
Langen
Lankford
Latta
Lennon
Lindsay
Lipscomb
McCulloch
McDonough
McIntire
McVey
MacGregor
Mahon
Mailliard
Martin, Mass.
Martin, Nebr.
Mason
Matthews
May
Meader
Michel
Miller, N.Y.
Milliken
Minshall
Moorehead, Ohio
Morse
Mosher
Murray
Nelsen
Norblad
Nygaard
Osmers
Ostertag
Passman
Pelly
Pillion
Pirnie
Poage
Poff
Quie
Ray
Reece
Reifel
Rhodes, Ariz.
Riehlman
Riley
Robison
Rogers, Fla.
Rogers, Tex.
Roudebush
Rousselot
Rutherford
St. George
Schadeberg
Schenck
Schneebeli
Schweiker
Schwengel
Scott
Short
Shriver
Sibal
Sikes
Siler
Smith, Calif.
Smith, Va.
Springer
Stafford
Taber
Teague, Calif.
Thomson, Wis.
Tollefson
Tuck
Udall, Morris K.
Utt
Van Pelt
Waggonner
Wallhauser
Weis
Westland
Wharton
Whitener
Whitten
Widnall
Williams
Wilson, Calif.
Wilson, Ind.
Winstead
Younger

NAYS—221

Addabbo
Albert
Alford
Andrews
Anfuso
Ashley
Aspinall
Bailey
Barrett
Bass, Tenn.
Bennett, Fla.
Bennett, Mich.
Blatnik
Boggs
Boland
Bolling
Bonner
Brademas
Bray
Breeding
Brewster
Brooks
Buckley
Burke, Ky.
Burke, Mass.
Byrne, Pa.
Cannon
Carey
Celler
Chelf
Clark
Cohelan
Cook
Cooley
Corbett
Corman
Daddario
Daniels
Davis, John W.
Dawson
Delaney
Dent
Denton
Diggs
Dingell
Doyle
Dulski
Edmondson
Elliott
Everett
Fallon
Farbstein
Fascell
Feighan
Fenton
Finnegan
Fino
Flood
Flynt
Fogarty
Forrester
Fountain
Friedel
Fulton
Gallagher
Garmatz
Gavin
Giaimo
Gilbert
Gonzalez
Granahan
Grant
Gray
Green, Oreg.
Green, Pa.
Griffiths
Hagan, Ga.
Hagen, Calif.
Halpern
Hansen
Harding
Harris
Hays
Healey
Hechler
Hemphill
Henderson
Holifield
Holland
Huddleston
Ichord, Mo.
Inouye
Jennings
Joelson
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Jones, Ala.
Karsten
Karth
Kastenmeier
Kearns
Kee
Kelly
Keogh
King, Calif.
King, Utah
Kirwan
Kluczynski
Knox
Kornegay
Kowalski
Landrum
Lane
Lesinski
Libonati
Loser
McDowell
McFall
McSween
Macdonald
Mack
Madden
Magnuson
Marshall
Mathias
Miller, Clem
Miller, George P.
Mills
Moeller
Monagan
Montoya
Moore
Moorhead, Pa.
Morgan
Morris
Morrison
Moss
Moulder
Multer
Murphy
Natcher
Nedzi
Nix
Norrell
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
O'Konski
Olsen
O'Neill
Patman
Perkins
Peterson
Pfost
Philbin
Pike
Price
Pucinski
Purcell
Rains
Randall
Reuss
Rhodes, Pa.
Rivers, Alaska
Rivers, S.C.
Roberts, Ala.
Roberts, Tex.
Rodino
Rogers, Colo.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roush
Ryan, Mich.
Ryan, N.Y.
St. Germain
Santangelo
Saylor
Scranton
Selden
Shelley
Sheppard
Shipley
Sisk
Slack
Smith, Iowa
Smith, Miss.
Spence
Staggers
Steed
Stephens
Stratton
Stubblefield
Sullivan
Taylor
Teague, Tex.
Thomas
Thompson, La.
Thompson, N.J.
Thompson, Tex.
Thornberry
Toll
Trimble
Tupper
Ullman
Vanik
Van Zandt
Vinson
Walter
Watts

Weaver	Willis	Young
Whalley	Wright	Zablocki
Wickersham	Yates	Zelenko

NOT VOTING—22

Andersen, Minn.	Donohue	Merrow
Baring	Evins	O'Brien, Ill.
Bass, N.H.	Frazier	Pilcher
Blitch	Harrison, Va.	Powell
Boykin	Hébert	Saund
Coad	Hoffman, Mich.	Scherer
Davis, Tenn.	Kilburn	Seely-Brown
	McMillan	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Kilburn for, with Mr. Evins against.

Mr. Scherer for, with Mr. Baring against.

Mr. Hoffman of Michigan for, with Mr. Powell against.

Mr. Bass of New Hampshire for, with Mr. Boykin against.

Mr. Andersen of Minnesota for, with Mr. Donohue against.

Mr. Seely-Brown for, with Mr. Hébert against.

Mr. Harrison of Virginia for, with Mr. O'Brien of Illinois against.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. BLATNIK. Mr. Speaker, pursuant to House Resolution 755, I move to take from the Speaker's table the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies, strike out all after the enacting clause, and insert in lieu thereof the provisions of H.R. 10113 as passed by the House.

The Clerk read the title of the Senate bill.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Strike out all after the enacting clause of S. 2965 and insert in lieu thereof the provisions contained in H.R. 10113 as passed by the House, as follows: "That this Act may be cited as the 'Public Works Acceleration Act'.

"SEC. 2. (a) The Congress finds that (1) certain communities and areas in the Nation are presently burdened by substantial unemployment and underemployment and have failed to share fully in the economic gains of the recovery from the recession of 1960–1961 and (2) action by the Federal Government is necessary, both to provide immediate useful work for the unemployed and underemployed in these communities and to help these communities, through improvement of their facilities, to become more conducive to industrial development and better places in which to live and work. The Nation has a backlog of needed public projects, and an acceleration of these projects now will not only increase employment at a time when jobs are urgently required but will also meet longstanding public needs, improve community services, and enhance the health and welfare of citizens of the Nation.

"(b) The Congress further finds that Federal assistance to stimulate public works investment in order to increase employment opportunities is most urgently needed in those areas, both urban and rural, which qualify as redevelopment areas because they suffer from persistent and chronic unemployment and economic underdevelopment, as well as in other areas which have suffered from substantial unemployment for a period of at least twelve months.

"SEC. 3. (a) For the purposes of this section the term 'eligible area' means—

"(1) those areas which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least nine of the preceding twelve months; and

"(2) those areas which are designated by the Secretary of Commerce under subsections (a) and (b) of section 5 of the Area Redevelopment Act as 'redevelopment areas'.

"(b) The President is authorized to initiate and accelerate in eligible areas those Federal public works projects which have been authorized by Congress, and those public works projects of States and local governments for which Federal financial assistance is authorized under provisions of law other than this Act, by allocating funds appropriated to carry out this section—

"(1) to the heads of the departments, agencies, and for the construction of Federal public works projects, and

"(2) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of laws authorizing Federal financial assistance to public works projects of States and local governments.

"(c) All grants-in-aid made from allocations made by the President under this section shall be made by the head of the department, agency, or instrumentality of the Federal Government administering the law authorizing such grants, and, except as otherwise provided in this subsection, shall be made in accordance with all of the provisions of such law except (1) provisions requiring allocation of funds among the States, and (2) limitations upon the total amount of such grants for any period. Notwithstanding any provision of such law requiring the Federal contribution to the State or local government involved to be less than a fixed portion of the cost of a project, grants-in-aid may be made under authority of this section which bring the total of all Federal contributions to such project up to 50 per centum of the cost of such project, or up to 75 per centum of the cost of such project if the State or local government does not have economic and financial capacity to assume all of the additional financial obligations required.

"(d) There is hereby authorized to be appropriated not to exceed $900,000,000 to be allocated by the President in accordance with subsection (b) of this section, except that not less than $300,000,000 shall be allocated for public works projects in areas designated by the Secretary of Commerce as redevelopment areas under subsection (b) of section 5 of the Area Redevelopment Act.

"(e) The President shall prescribe rules, regulations, and procedures to carry out this section which will assure that adequate consideration is given to the relative needs of eligible areas. In prescribing such rules, regulations, and procedures the President shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment and (2) the income levels of families and the extent of underemployment in eligible areas.

"(f) Funds allocated by the President under this section shall be available only for projects—

"(1) which can be initiated or accelerated within a reasonably short period of time;

"(2) which will meet an essential public need;

"(3) a substantial portion of which can be completed within 12 months after initiation or acceleration;

"(4) which will contribute significantly to the reduction of local unemployment;

"(5) which are not inconsistent with locally approved comprehensive plans for the jurisdiction affected, wherever such plans exist.

"(g) Not more than 10 per centum of all amounts allocated by the President under this section shall be made available for public works projects within any one State.

"(h) The criteria to be used by the Secretary of Labor in determining areas of substantial unemployment for the purposes of paragraph (1) of subsection (a) of this section shall be the criteria established in section 6.3 of title 29 of the Code of Federal Regulations as in effect May 1, 1962.

"SEC. 4. (a) No part of any allocation made by the President under this Act shall be made available during any fiscal year to any State or local government for any public works project, unless the proposed or planned total expenditure (exclusive of Federal funds) of such State or local government during such fiscal year for all its capital improvement projects is increased by an amount approximately equal to the non-Federal funds required to be made available for such public works project.

"(b) No part of any allocation made by the President under this Act shall be made available for any planning or construction, directly or indirectly, of any school or other educational facility.

"SEC. 5. (a) Paragraph (4) of subsection (b) of section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof of the following new sentence: 'This paragraph shall not apply to any financial assistance to be extended under subsection (a) of this section for the purpose of financing any project for public works or facilities to be initiated or accelerated as the result of a grant-in-aid from an allocation made by the President under section 9 of of the Public Works Acceleration Act.'

"(b) Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new subsection:

"'(e) The Administrator is authorized to make a grant-in-aid from any allocation made for such purpose by the President under section 9 of the Public Works Acceleration Act to any public entity described in clause (1) of subsection (a) of this section of not to exceed 50 per centum of the cost of construction of any project for public works or facilities, if such project would be eligible (without regard to the restrictions and limitations of subsections (b) and (c) of this section) for financial assistance under clause (1) of subsection (a) of this section in accordance with the rules and regulations of the Administrator (as in effect on the date of enactment of this subsection) relating to the types of public works and facilities to which such assistance may be extended.'

"SEC. 6. Section 702 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"'(g) Notwithstanding any other provision of this section, no advance made under this section for the planning of any public works project shall be required to be repaid if construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act.'"

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An Act to provide authority to accelerate public works programs by the Federal Government and State and local bodies."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 10113) was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. BLATNIK. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

PRESENTATION OF ALEXANDER HAMILTON AWARD TO HARRY J. ANSLINGER, FORMER FEDERAL NARCOTICS COMMISSIONER

(Mr. GARY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GARY. Mr. Speaker, tomorrow at noon at the main Treasury Building our former Federal Narcotics Commissioner, Mr. Harry J. Anslinger, will be given the Treasury Department's highest honor when he is presented with the Alexander Hamilton Award. I call this recognition of Mr. Anslinger's fine work to your attention with a deep feeling of gratification and a great deal of comfort because there is every indication that the outstanding work of this most important Bureau will continue under the guidance of his able and experienced successor.

Mr. Anslinger, who provided outstanding leadership for the Bureau from its establishment in 1930, has retired as Commissioner, at the age of 70, and has been succeeded by his former deputy, Mr. Henry L. Giordano, who is 48 and another vigorous enforcer of the narcotics laws.

The narcotics peddlers, who have ruined the lives of so many with their despicable and insidious dealings, saw an arch enemy step down at Mr. Anslinger's retirement, but they have been afforded no comfort by the promotion to Commissioner of his protege, Mr. Giordano, who has been with the Bureau since 1941 and therefore has more than 20 years of enforcement experience.

Time magazine, in its issue of July 20, 1962, quoted Commissioner Giordano as saying, in support of his predecessor's policies, "We are in favor of increased rehabilitation and always have been. But that does not mean we have to be any easier on the pushers."

As chairman of the Appropriations Subcommittee which takes first action in the House on the budget requirements of the Bureau of Narcotics and as one who has heard and been deeply stirred by the terrifying effects narcotics have had upon people's lives, I wish to assert that I have been in absolute accord with Mr. Anslinger's policy of vigorous enforcement of the narcotic laws. I sympathize with the addicts, but there is no place on this earth for a pusher. He is a menace to society and should be dealt with accordingly.

To hear that the fight against these merchants of evil will continue in the same unrelenting fashion is good news to those of us who have admired the effective work of the Bureau through the years with a modest outlay of funds.

We all know of Mr. Anslinger's fine work as Commissioner. Since 1930, when the Bureau was born his leadership has been instrumental in the reduction of drug addiction in this country by at least two-thirds. Around the world he has succeeded in bringing about international agreements which have restricted the illegal marketing of narcotics. In my judgment he was one of the ablest and most dedicated public servants in the Federal Government.

In 1954, Dr. Theodore G. Klumpp, chairman of the medical services section of the Hoover Commission engaged in studying a reorganization of the Federal Government, called Commissioner Anslinger "the greatest single bulwark against the spread of drug addiction throughout the entire world." I concur in that opinion.

Commissioner Giordano takes over with almost a lifetime of experience in the field. A native of San Francisco he earned a degree in pharmacy at the University of California in 1934 and was a practicing registered pharmacist until 1941 when he joined the Bureau of Narcotics as an agent. His advancement in the Bureau was steady and solid and he became Deputy Commissioner in 1958.

Since then he has been a member of the United States delegation to the 14th Session of the United Nations Commission on Narcotic Drugs at Geneva in 1959 and in 1961 he was the alternate U.S. Representative to the United Nations Conference for the Adoption of a Single Convention on Narcotic Drugs at New York.

The Bureau, it appears, is still in good hands. For that reason we can take even greater delight in noting the recognition being given Mr. Anslinger tomorrow for a job well done in a never ending battle against a nefarious enemy that constantly threatens the health and welfare of our Nation.

CORRECTION OF ROLLCALL

Mr. KYL. Mr. Speaker, on rollcall 197 I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. NEDZI. Mr. Speaker, on Monday last, on rollcall No. 200, I am recorded as being absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PERSONAL EXPLANATION

Mr. COLLIER. Mr. Speaker, on August 28 I was faced with unforeseen transportation problems and was not able to return in time to attend the session on that day. Had I been present I would have voted "yea" on three rollcalls, 202, 203, and 204.

ATOMIC ENERGY COMMISSION

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 11974) to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. VAN ZANDT. Reserving the right to object, Mr. Speaker, as I understand, if this unanimous-consent request is agreed to, I will have the right then to offer a preferential motion to instruct the House conferees to insist on the House position?

The SPEAKER. The gentleman may make such a motion.

Mr. VAN ZANDT. I withdraw my reservation of the right to object, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. VAN ZANDT moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill, H.R. 11974, be instructed not to agree to section 112 concerning authorization of electrical generating facilities for the new production reactor, Hanford, Wash., as contained in the Senate amendment.

The SPEAKER. The gentleman from Pennsylvania is recognized for 1 hour.

Mr. VAN ZANDT. Mr. Speaker, I will yield half my time, 30 minutes, to the gentleman from California [Mr. HOLIFIELD], the distinguished chairman of the Joint Committee on Atomic Energy.

I would like to express my appreciation to my colleague, the chairman of the Joint Committee, for the manner in which he has kept me informed of his plans, and the scheduling of the debate on this matter. Although we have not been able to agree on the question of electrical generating facilities for the Hanford New Production Reactor, I am happy to say that we have agreed on most of the many important matters which have been brought before the Joint Committee on Atomic Energy during our years of service together on that committee, and we have always remained good friends.

I do not wish to take the time of the House unnecessarily before voting again on this issue, but let me briefly recall the history of the votes already taken by this House on the issue of electrical generating facilities for the Hanford New Production Reactor.

Last year, on July 13, 1961, the record shows that the House, by a teller vote

Aug. 30, 1962

temporary summer employment (H. Rept. 2308). p. 17210

A subcommittee of the Post Office and Civil Service Committee voted to report to the full committee with amendment H. R. 10706, to amend the Civil Service Retirement Act so as to provide for increases in annuities, eliminate the option with respect to certain survivor annuities, and provide for interchange of credits between the civil service retirement system and the insurance system established by title II of the Social Security Act. pp. D793-4

17. TRANSPORTATION. Passed as reported H. R. 5700, to amend the Tariff Act of 1930 to permit contract carriers by motor vehicle to transport bonded merchandise. pp. 17168-9

18. TARIFFS. Passed as reported H. R. 5260, to repeal the 3 cents per pound processing tax on coconut oil. p. 17171

19. MIGRATORY WORKERS. The Rules Committee reported a resolution for the consideration of H. R. 12365, to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers p. 17210

20. PARKS. The Rules Committee reported resolutions for the consideration of S. 4, to provide for the establishment of the Padre Island National Seashore, and H. R. 2429, to revise the boundaries of the Virgin Islands National Park, St. John, V.I. p. 17210

21. QUALITY STABILIZATION. The Interstate and Foreign Commerce Committee voted to report (but did not actually report) with amendment, H. J. Res. 636, the proposed Quality Stabilization Act. p. D793

22. FOFEIGN TRADE. Rep. Bray criticized the proposed Trade Expansion Act of 1962 and made special reference to the problems of the wheat, meatpacking, and sugar industries. pp. 17191-5

23. EXPORTS. Rep. Kitchin criticized the recent export of a number of commodities to Communist countries under the provisions of the Export Control Act of 1949. pp. 17204-7

24. LEGISLATIVE PROGRAM. Rep. Albert announced tha the House will adjourn from Fri., Aug. 31, to Tues., Sept. 4, and that there will be no legislative busines next week except the Consent Calendar and the Private Calendar. pp. 17188-9

ITEMS IN APPENDIX

25. PUBLIC WORKS. Speeches in the House by Rep. Cramer during debate on the public works acceleration bill. pp. A6525, A6532-3

26. YOUTH CONSERVATION. Extension of remarks of Sen. Lausche inserting a letter opposing the proposed Youth Conservation Corps bill. pp. A6525-6

27. FOOD AND DRUGS. Extension of remarks of Sen. Kefauver inserting a "factual, detailed" report of the need for strengthening the Food and Drug Act. pp. A6526-8

28. TRADE FAIRS. Extension of remarks of Rep. Rhodes inserting a statement presented before the House Merchant Marine and Fisheries Committee in support of H.R. 12533 dealing with the promotion of foreign commerce of the U. S. through the use of mobile trade fairs. pp. A6545-6

29. FEED GRAINS. Extension of remarks of Rep. Findley inserting an article, "The Feed Grain Scandal." p. A6548

30. TRANSPORTATION. Extension of remarks of Rep. Van Zandt inserting an article on the importance of passage of the proposed Transportation Act of 1962. p.A6549

31. PERSONNEL. Extension of remarks of Rep. Ryan inserting a memorandum "taking another look" at the Hatch Act in preparation for the meeting of the American Federation of Government Employees to be held in Seattle this week. p. A6551

32. FARM PROGRAM. Extension of remarks of Rep. Dorn inserting an article, "Not Farming Pays," listing several recipients of Federal payments for curtailing agricultural operations. pp. A6552-3

BILLS INTRODUCED

33. AIR POLLUTION. S. 3686, by Sen. Williams, Del., to extend and strengthen the Federal air pollution control program; to Public Works Committee. Remarks of author, p. 17058

34. MILK. H. R. 13026, by Rep. Halpern, to amend the Agricultural Act of 1949 to provide compensation to producers of milk contaminated by radioactive fallout; to Agriculture Committee

35. PROPERTY. H. R. 13027, by Rep. Huddleston (by request), to protect the rights of owners whose property is taken by or under the authority of the Government of the United States of America; to Public Works Committee

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COMMITTEE HEARINGS AUG. 31:
Farm bill, conferees (exec).
Estes investigation, S. Gov't Operations.
Periods for taking economic censuses, H. Civil Service (Scammon, Census Bureau, to testify).

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Appendix

Public Works Coordination and Acceleration Act

SPEECH

OF

HON. WILLIAM C. CRAMER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 29, 1962

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 10113) to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes.

Mr. CRAMER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, and members of the committee, this is a very interesting bill-rewriting procedure, but let me at the outset say—let no one be misled. This amendment does not help the bill. It does not involve the major issues discussed. As a matter of fact, I hardly discussed the question of coordinator because I knew this amendment was coming. It was pretty heatedly discussed in committee. The Republicans insisted on knocking it out. The majority members insisted on keeping it in. I am glad to see they are at least accepting one recommendation by the minority.

If you let this bill go back to committee and really clean it up, maybe you will get a good bill. I am going to make a motion to recommit that so send it back to committee. This is proof positive that that is exactly what should be done. Just look at what the amendment does. It cuts out 50 percent of this bill pagewise. It cuts out 50 percent of the bill according to the length of the bill and according to the discussion of it in the committee report. Look at it. Look at how many pages are devoted to convincing the Members of this legislative body that it is absolutely imperative on the merits to have this coordinator. What does that do to the rest of the report? There is just about as much merit to the arguments of the majority on the rest of the report as there is on the first half of the report which they are now willing to throw into the ashcan with this amendment.

Look at the pages they devote to the discussion of the necessity, the absolute necessity, in order to help unemployment, to have a coordinator and officer, a new bureau, a new agency in order to try to meet this problem. It starts on page 4 and goes on 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 pages discussing public works coordinator. Do you see what is being done? Sweetnesses are being applied. There is going to be another amendment offered to strike out schools. The majority in the report argue, "Oh, no, schools are not included." We said they were. The majority said they were not. Now they are going to strike it out and the argument is going to be—we do not think they were in in the first place but they are going to strike them out. Any question of them being in, any question about other projects being in, I am trying to indicate, are being treated the same—with an effort to cover up the fact that they are included—such as ski slides as well as swimming pools, golf courses, which I do not think the people of this great Nation would ever want Members of the Congress to vote 50 percent of the taxpayers' money to finance. Yet, it is being done in this bill. The remainder of the bill—the balance of the bill left will include that. So I say to you the bill is equally bad with this amendment as without it, so far as I am concerned. The motion to recommit should be passed so that we can take this bill back to the committee, and this is proof positive that the bill should go back to the committee. If they are willing to knock out 50 percent of it, it should go back to the committee. Let us reconsider the rest of the bill which is equally bad.

This $900 million boondoggle bill is still just as it was on the basis of giving the President and the executive branch unprecedented powers, the power to spend money on any public works and with a 50-percent grant authority. There is not any question about that. That delegation of authority remains in the bill; so do the other objectionable features.

This amendment has nothing to do with the spending of the $900 million; that is still in the bill. This amendment has nothing to do with the $300 million added at the last minute without being requested by the executive branch. I want to ask the majority now: Are you going to strike that out? That was not recommended by the President of the United States. The coordinator was not recommended by the President of the United States. You are knocking out the latter; now, are you going to knock out the former, the $300 million?

I will tell you what the strategy is—the same as it was on the agriculture bill. You want to get anything you possibly can left in this bill, so it can go to conference and accept the Senate version of $1,500 million—$750 million for public works now and $750 million standby authority; then our committee which has worked it out will go to conference and they will accept the 50-percent grant money and the Senate provision of 50-percent loan money for all these projects, and the taxpayers will be financing these swimming pools, ski slides, and golf courses to the tune of 100 percent.

Youth Conservation Corps

EXTENSION OF REMARKS

OF

HON. FRANK J. LAUSCHE

OF OHIO

IN THE SENATE OF THE UNITED STATES

Thursday, August 30, 1962

Mr. LAUSCHE. Mr. President, school dropouts and the training of young men for a useful and productive life in their mature years presents a challenging problem to our society. It cannot be solved by the Federal Government alone, and to take these youths temporarily out of circulation and without adequate retraining on a local level would not be helpful to either the individual or to the community in which he ultimately will become a citizen.

Mrs. Everett H. Randall, of Rocky River, Ohio, has written a very thoughtful letter on this subject. In order that others may have the benefit of Mrs. Randall's views, I ask unanimous consent that her letter, together with the attached résumé, be printed in the Appendix of the RECORD.

There being no objection, the letter and résumé were ordered to be printed in the RECORD, as follows:

ROCKY RIVER, OHIO,
August 10, 1962.

Hon. FRANK J. LAUSCHE,
U.S. Senate, Washington, D.C.

DEAR SENATOR LAUSCHE: I would like to share with you my judgment about a proposal for legislation which would set up a Youth Conservation Corps. I believe that this legislation is S. 404 introduced by Senator HUMPHREY. In my opinion this is not the kind of program which will provide the specialized kind of help which is needed now by the youth of our country. My judgment is based on professional experience in public schools and private youth serving agencies over the past 32 years. There is sufficient evidence to indicate that youth who drop out of school and a certain percentage of those who graduate from our public and private high schools are not adequately prepared to become workers in the current labor force. What is needed, therefore, is job orientation and sufficient and appropriate training for these persons. Experience in a work conservation camp cutting trees, digging ditches and clearing out forests has little or no related value for the industrial work world in which these young persons 18 to 22 will be having to compete throughout their lives. Money spent at the local level on appropriate industrial training (both manufacturing and nonmanufacturing industrial training) is the realistic job preparation urgently needed by our youth. According to the legislation now proposed, some $4,000 per boy would be spent annually in these conservation camps. This is more than twice as much as that spent on sending a young man to an average college in the United States. Inappropriate training at a campsite for youth who need practical experience is certainly not the way taxpayers' money should be spent if we wish to help our youth prepare to become satisfactory employees and pro-

ducers in our 20th century industrial economy.

I am not inalterably opposed to conservation camps for youth. If these could be done at a local level, no larger than a State unit, I am certain that the funds expended could be done so in a more useful and appropriate method. We in Cleveland are now experimenting with work-study programs for youth 18 to 22 who have dropped out of school and are finding that private industry is cooperating along with public schools. Therefore, any Federal funds, it appears to us from our experience locally, could best be utilized through the local community channels.

I most sincerely hope that you will speak and work in opposition to the current proposals for Youth Conservation Corps programs federally sponsored as Federal operated programs.

Sincerely,

HELEN RANDALL
Mrs. Everett H. Randall.

HELEN H. RANDALL (MRS. EVERETT H.)

EXPERIENCE

Teacher: High school Latin, English, and physical education.

Vocational counselor: Cincinnati Board of Education.

Staff member of the retirement planning institutes: Purdue University; Hillyer College; Lake Chautauqua.

Conference leader: Retirement preparation programs, Republic Steel Corp. and Brotherhood of Locomotive Engineers.

Consultant: U.S. Department of Labor, Bureau of Employment Security, Services to Older Workers, 1961.

Director: Occupational Planning Department, Cleveland Welfare Federation, 1946.

PROFESSIONAL ASSOCIATIONS

American Personnel & Guidance Association.

National Vocational Guidance Association.

Ohio Guidance Council.

Northeastern Ohio Personnel & Guidance Association.

Gerontological Society.

Pi Lambda Theta (educational honorary).

Eta Sigma Phi (Latin honorary).

"Who's Who of American Women."

COMMUNITY PARTICIPATION

Cleveland Mayor's Committee on Employment of the Handicapped.

Cleveland Mayor's Committee on Manpower Retraining.

Business section vice chairman, United Appeal of Cleveland.

Vocational Advisory Committee, Cleveland Urban League.

Vocational Advisory Committee, Ohio State Employment Service.

Advisory committee, department of careers in social work.

Advisory committee, circle workshop.

Advisory committee, Cleveland hospital council practical nursing program.

Anti-Tuberculosis League, of Cuyahoga County.

Rocky River Presbyterian Church.

Mortar Board Alumnae Association.

Kappa Kappa Gamma Alumnae Association.

ARTICLES CONTRIBUTED TO

Employment Security Review, 1958: U.S. Department of Labor, Bureau of Employment Security, "Older Women Measure Up."

The Physical Therapy Review, 1957: "Financial Planning for the Later Years," American Physical Therapy Association.

The Year Book of Education, 1955: "Guidance Within the Community."

Earning Opportunities for Older Workers, 1955: "Evaluation of Work Performance, the Employers' Viewpoint."

The School Guidance Worker, 1952: "Occupational Prestige."

Occupations, 1951: "What Students Think of Occupations."

Occupations, 1947: "A Community Counts Its Workers."

Ohio Schools, 1940: "So That's What She's Like."

Fight Back, Says Hoover, the FBI Man

EXTENSION OF REMARKS

OF

HON. WILLIAM H. NATCHER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 30, 1962

Mr. NATCHER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include herewith an editorial entitled "Fight Back, Says Hoover, the FBI Man" which appeared in the August 21 issue of the Messenger, of Madisonville, Ky.:

FIGHT BACK, SAYS HOOVER, THE FBI MAN

According to that famous lawman, J. Edgar Hoover, Americans who want to keep their lives and skins intact had better fight back at the criminal, who is getting bolder and more arrogant every day.

Mr. Hoover, who heads the world-famed FBI, warned the other day that criminals—in particular, youthful criminals—have "loosed a massive avalanche of crime," and every community should be alerted to the danger.

In the big towns, where gangs and individuals who used to ply their criminal activities in the dark have boldly come into the sunlight, the situation admittedly is bad. And smaller towns have a way of mimicking larger towns, and some of the goings-on in the latter today become the goings-on in the former tomorrow.

Anyway, since there is admittedly a bad situation in the Nation, crimewise, people ought to listen to Mr. Hoover's admonition that there will be no abatement as long as there is wholesale disrespect for law and order; and, we will add, so long as people like Paul Crump in neighboring Illinois are saved from the consequences of their murderous crimes by the simple expedient of telling the courts that they have "seen the light," "had a rebirth," etc., etc.

Mr. Hoover in his statement enjoined community officials and civic leaders to lead the fight to halt the "lawless hordes who prey on society," and the FBI man was not exaggerating when he estimated the number of those who prey.

A contributing factor in the increase in crimes committed these days by persons under 18 is the attitude which professional do-gooders and compliant courts have taken—the sociological notion that any youngster who goes wrong is a victim of society, childhood trauma or bad housing—which doesn't account for the thousands of kids, of course, who go wrong despite good housing, doting parents and all that.

The poor, mixed-up people who rob and kill because they are "victims of society" do so with quite a lot of confidence that their tearful story of neglect and frustration will get them off light, or perhaps might result in their being sent to some cozy rest home.

The situation which has grown up in this respect was put pretty well by a smart fellow in Britain who allowed the other day: In another age, we treated all lunatics as criminals. Today we treat all criminals as lunatics.

Anyway, the offender today is protected by the widespread belief a fellow these days doesn't have to try to better his condition through hard work—like his neighbors do every day—neither does he have to try to live decently in spite of the environment in which he finds himself.

The Chief Justice of the U.S. Supreme Court, Mr. Warren, is one who holds that criminals must have the utmost safeguards thrown about them, and that their rights should be protected against all hazards. Well and good, up to a point, but there remains the fact (which Mr. Warren and some of his associates seem to overlook persistently) that the law-abiding fellow, the taxpaying fellow, the soldier-furnishing fellow and his family are entitled to protection, too.

In fact, we will go so far as to say that the rights of the law-abiding are superior to the rights of anybody else, particularly the rights of predators and murderers, and kidnapers and mobsters—either adult or juvenile.

It has been aptly pointed out that if this loose attitude toward responsibility which is upheld by our do-gooders and some of our citizens and some of our courts today had prevailed in the late 1700's, there would be no American Republic today. The United States, in other words, would never have been.

The hard life of the settlers and pioneers, come to think of it, would have justified almost any kind of anisocial behavior, if the do-gooders are correct in their thinking. The Founding Fathers didn't hold such unsound views, though, and neither did their immediate descendants. So we have a great and thriving country, though a lot of predators are trying to take it apart—and they all aren't in the big towns, either.

Need for Strengthening Food and Drug Act

EXTENSION OF REMARKS

OF

HON. ESTES KEFAUVER

OF TENNESSEE

IN THE SENATE OF THE UNITED STATES

Thursday, August 30, 1962

Mr. KEFAUVER. Mr. President, Miriam Ottenberg, staff writer of the Star, has written a factual, detailed report of the need for strengthening the Food and Drug Act, in which she particularly discussed what happened in connection with several drugs. I am sure everyone will find this of interest.

I ask unanimous consent that this report be printed in the Appendix of the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

[From the Washington (D.C.) Sunday Star, Aug. 26, 1962]

THE STORY OF MER/29: WAS THE PUBLIC PROTECTED?

(By Miriam Ottenberg)

In the present furor over drugs reaching the American people, the story of one drug illustrates what can happen with too little law, too much pressure and too much responsibility resting on a single doctor.

The drug is MER/29, an agent to lower the level of cholesterol, a fatty substance in the blood and a suspected, though unproven, cause of heart ailments.

A product of Richardson-Merrell, Inc.—the same company that tried and failed to introduce thalidomide in this country—MER/29 was forced off the market last April

And Old World missions shaped the New World's face.

When Sutter's golden gleam flashed round the world,
The hot-eyed hordes poured in from every clime;
But where the mining camp smoke slowly curled,
Now ghost-town memories fade into time.

Yet priest, Hidalgo, Forty-niners too,
All dreamed their dreams far better than they knew.

This day is but the dawning of a greater day
Whose rising had to be in years beyond their sight.
Its twilight shall take place in times still far away,
And no man living now shall stay to see its night.

We reap the harvest which their pioneer hopes have sown
And live their shining dreams to have a better life.
Yet each day proves we cannot live by bread alone,
But must have nourishment from faith to bear our strife.

The food for factory, farm, and home these hills shall hold
Can cause to thrive what otherwise could never be.
The alchemy of time turns water into gold
And gives our natural heritage its future guarantee.

Babes now unborn shall drink the drops which hence shall flow
And unbuilt factories throb the rhythms of their power.
Who can foresee the harvest from this seed we sow?
A destiny is pregnant in the ground we break this hour.

Oh land of promise blooming by the sea,
We dedicate this work to God for thee.
To make our State the greatest in the West
Can we do less than make the largest best?

Small Business Plight—Item of Concern

EXTENSION OF REMARKS

OF

HON. RALPH HARVEY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 30, 1962

Mr. HARVEY of Indiana. Mr. Speaker, the following editorial from the Knightstown, Ind., Banner deserves the thoughtful consideration of every Member of Congress:

SMALL BUSINESS PLIGHT, ITEM OF CONCERN

As everyone knows, many small businessmen today have their backs against the wall in the struggle for economic life, and Government officials are talking out of one corner of their mouths in sympathy for the small businessman while trying to ram bills through Congress that would be a bigger and bigger handicap.

Take the proposed medicare bill, for example. While doctors are concerned about this bill being a step toward socialized medicine, some of the Fair Deal orators are saying that well, after all, the wage earner pays for it. Let's correct this somewhat by pointing out that every small businessman (and big business, too) must pay an amount equal to the total which is paid by all the employees of the business in social security taxes. This, of course, is true with other social security taxes, and some of the Fair Dealers say, pay no attention, they used the same arguments against social security itself.

Just how many more taxes can small business absorb without reaching the point where no one will undertake a small business operation? Is this the America of opportunity?

Big buisness can usually absorb these extra taxes—at least much easier than their smaller competitors—because the Federal Government is taking 52 percent of the profits from big business. But the small buisness operator must dig down in his jeans for the extra money.

This is only the starter. There'll be new hospital additions to build under such a system of "free" medical care, which you know would be abused. And who will pay for these hospital additions? Every taxpayer, of course, but the small businessman, because of a large property assessment, will pay more than the average individual.

Then next January, an increase in the minimum wage to $1.25 an hour is coming, and what follows that on the politicians' menu?

For the small business industrial operation, foreign competition is playing havoc, along with the big business competitor at home.

We dislike bemoaning the problems of the small business so frequently, but we honestly believe that the public must become aware of this very pressing problem that promises to end many small business operations, discourage many persons from undertaking small business ventures, but, worst of all, from the total society standpoint, the loss of many potential jobs that would help solve the unemployment problem.

This, too, is why many businesses are installing automation to replace manual work.

Americans would do well to ponder for a good, long time this matter which the politicians gloss over with rosy promises for the gullible.

Security at NSA

EXTENSION OF REMARKS

OF

HON. FRANCIS E. WALTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 30, 1962

Mr. WALTER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following excellent editorial that appeared in the August 29 issue of the Washington Star.

SECURITY AT NSA

The National Security Agency has a better chance of living up to its name now that the House Un-American Activities Committee has plugged holes in the Agency's own security rules. As Chairman WALTER brought out in a painstaking investigation, some of the old employment practices were downright shabby, even by standards of less sensitive fields.

Personnel screening was so loose that, during the inquiry, 30 persons resigned or were dismissed, most of them suspected of sexual deviation. In addition, of course, were the two men whose flight to Russia touched off the investigation. It has been 26 months since these mathematicians took what secrets they possessed behind the Iron Curtain.

Although the committee led the way, NSA itself must be credited with seizing the initiative to—in the words of one expert—"tighten its screening procedures 100 percent." Before the Walter exposé, NSA had fallen flat in one vital aspect of screening. It failed to properly utilize the personnel evaluations of its investigators. Thus, known undesirables were permitted to stay on.

Since the investigation, NSA has adopted procedures of such agencies as FBI. It has put the burden of proof so squarely on the job applicant that, in cases of doubt, the decision is made in favor of the Government. In addition, the qualifications of all old employes have been reevaluated.

Twenty-two "corrective changes" have been made at NSA, long overdue in an agency dealing with our most sensitive military security matters. Now before an employee is hired, he must pass physical, mental, psychological, and lie detector tests. Then comes a probationary period of nonclassified work, while the candidate's background is thoroughly checked. After that, there still is close scrutiny under a newly created inspector general. Security at NSA has taken on a new meaning.

A Salute to Our Working Force

EXTENSION OF REMARKS

OF

HON. HENRY C. SCHADEBERG

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 30, 1962

Mr. SCHADEBERG. Mr. Speaker, as the struggle between democracy and communism intensifies, the significance of Labor Day, the importance of paying tribute to the workers of America, becomes greater. This is true because our great national strength lies not alone in our massive Military Establishment, but, even more, in the great body of working men and women of America who produce and go on producing all that we need to maintain our military strength.

We read and hear so much about how our military might acts as a deterrent to global war; how it keeps Khrushchev from triggering such a war; and this is true. I am convinced, however, that Khrushchev harbors a wary respect also for the great body of working men and women of America who produce to make our military power a deterrent to all-out war. This in itself is a tribute to America's labor force, and to the freedom in which that great force works. Of course it is not for these things alone that we are grateful to our workers. We appreciate also the unprecedented abundance of all goods they have brought and all services they have rendered our country since its founding 186 years ago.

Labor Day has come to signal the wrap-up of the summer season, and has become traditionally a day of family fun, or part of that last weekend of vacationing or rest before the youngsters return to school and the autumn round of activities sets in. And why not? There's nothing wrong with having fun. It is my hope in these few minutes, however, to focus attention on the significance of Labor Day. Perhaps it would be well to mention at this point a little about the origin of this observance and why we set aside the first Monday in September to honor the working men and women of the United States.

A general holiday honoring the laboring people of America was first suggested in 1882 by Peter J. McGuire, founder of the Carpenters Union and cofounder of the American Federation of Labor. Mr. McGuire proposed the observance of a day every year which, in his words, "shall be labor's—an occasion devoted to the industrial spirit—the great vital force of every nation."

In fact, it was Mr. McGuire who recommended that it be called Labor Day and that it be established as the first Monday in September. His reason for choosing this date was, again in his own words, so that "it would come at the most pleasant season of the year, nearly midway between the Fourth of July and Thanksgiving."

Over the years the observance of Labor Day gradually spread across the country. First, in the traditionally American way, it was officially recognized through municipal observances. Next, State legislation was enacted recognizing the day. Then, in 1894 Congress passed an act setting aside the first Monday in September as a legal holiday in the District of Columbia and the territories. This official recognition gave the holiday the prestige it needed and deserved, and by 1900 most of the States had followed suit. By 1923, the last of the then 48 State legislatures enacted a Labor Day law.

In saluting our working men and women on their day, I recognize with a feeling of kinship their goals, and I pledge my continuing purpose to cooperate in seeking to attain the objectives which are in the best interest of all our people.

I recognize further not only the right of labor to organize but also the importance of effective, responsible, and representative unions in American economic life free from Government domination. I reaffirm my support of labor's claim to a fair share of the fruits of its production. And I applaud the working people for their indispensable contribution toward keeping our country strong and free and prosperous.

As we observe Labor Day, 1962, in the midst of international tension, I commend our working men and women for their vital role in helping to preserve the freedom we value so highly, and I rest secure in the knowledge that they provide America with the unequaled productive capacity, enabling us to meet any challenge the stress of the times may present.

Cuba: A Finger on Kennedy

EXTENSION OF REMARKS

OF

HON. FRANK J. BECKER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 30, 1962

Mr. BECKER. Mr. Speaker, I am inserting herewith an article by one of our foremost writers, Marguerite Higgins, dealing specifically with the situation in Cuba and our position in Latin and South America. This also points up very clearly the fact that we can no longer depend upon negotiations or agreements. Positive action is absolutely necessary and the time is now, not in the future.

The article follows:

CUBA: A FINGER ON KENNEDY

(By Marguerite Higgins)

WASHINGTON.—Senator HOMER E. CAPEHART, Republican, of Indiana, charged last night that President Kennedy knows Soviet troops and military equipment are arriving in Cuba but is evading the issue.

The administration's position is that only Soviet military technicians—that is, not fighting soldiers in units but soldiers to teach and train—have landed in Cuba. President Kennedy said at his last press conference that the United States is examining the situation created by the arrival of some 3,000 to 5,000 Communist-bloc personnel.

Senator CAPEHART, however, contended in a speech prepared for delivery in Indiana that the Soviet forces constituted a potential military threat and a clear challenge to the Monroe Doctrine. He thus put himself on the side of the many Cuban refugees, some of them knowledgeable, who have insisted that the degree of Communist military intervention in Cuba has been underestimated by the administration.

Said Senator CAPEHART: "How long will the President 'examine the situation'? Until the hundreds of Russian troops grow into hundreds of thousands? Until the little Cuban military force grows into a big Russian force? It is time the American people demanded that President Kennedy start protecting the interests of the United States. The law which permits him to do it is plain.

CUBA AND CHARGES

From the standpoint of international law, the United States has every right to land troops, take possession of Havana and occupy the country, unless the Cuban Government answers satisfactorily the request of the U.S. Government that all Soviet military personnel be sent home and that no further shipments of military supplies be sanctioned by the Havana authorities.

The Soviet military intervention—whether of technicians or soldiers—faces Washington with all the usual agonizing decisions involving a confrontation, direct or indirect, with Moscow, which is Havana's military ally.

U.S. policy, prior to the recent massive Soviet move to prop up Castro, was to hope that the Cuban dictator would destroy himself with his own inefficiency and clumsy economies. The severe decline of Cuba's industrial and agricultural economy this spring and summer began to give a tinge of reality to these hopes. Then came the armada of Soviet ships this August bearing munitions and personnel.

Can the United States afford to ignore any massive Soviet presence in Cuba whether of technicians or soldiers in light of the Monroe Doctrine, the resolutions of Santiago de Chile, Costa Rica, and Punta del Este outlawing unchecked armed intervention in the Americas by an extra continental power?

If America chooses to be silent on a situation at its back door, what will Russia think of its will to use its great power in other areas of the world the United States is committed to defend? Is Cuba worth risking an encounter of any sort with Soviet power? And in any case, is Cuba such a dismal blot on the Communist international escutcheon that it remains of great value as a symbol of communism's failure in this hemisphere?

These are some of the tough questions that the policymarkers are threshing out right now as they decide what—if anything—to do about Moscow's latest Cuban moves.

Senator CAPEHART, according to his speech, is clearly on the side of action, as, not unexpectedly, are the Cuban refugee circles.

His facts and figures about recent developments in Cuba are closer to what Cuban intelligence agents have been reporting than to what the administration accept as accurate.

According to Senator CAPEHART: "A lot of people in Washington have known for weeks that the so-called technicians, or at least a good part of them, are actually Communist military personnel. The facts are that there were about 400 agricultural experts and technicians in the Soviet ships which arrived and the rest of the 3,000 to 5,000 total were Communist military personnel." Is Khrushchev testing the United States to see whether it is soft enough for him to continue such infiltration of other Latin American countries?

Public Works Coordination and Acceleration Act

SPEECH

OF

HON. WILLIAM C. CRAMER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 29, 1962

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 10113) to establish an Office of Public Works Coordination and Acceleration; to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels; and for other purposes.

Mr. AUCHINCLOSS. Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. CRAMER].

Mr. CRAMER. Mr. Chairman, I have approached this legislation from what I believed was an impartial attitude and made my statement on the basis of what the bill does or does not do. I have not injected politics into this matter and certainly have not tried to belittle any Member or his district or the people of his district. I do not think the debate should sink to such levels as that. The characterization of me as an "economic royalist" is amusing although, I am sure not so intended. I can only interpret it to mean a loyal adherent to strict economy—or a believer in the principle that every man should be the royal or ruling or determining factor in his own economic destiny if it is intended to apply to my beliefs.

I say to the gentleman from West Virginia that the people of my district are proud of the fact that they clip coupons. They have had the intestinal fortitude and they are good and frugal enough Americans to be able to save their money and invest it and provide for themselves when they retire. What is wrong with that, I say to the gentleman from West Virginia? How else would private enterprise, how else would enterprise in the great State of West Virginia, or any other State get along if it were not for these people who saved their money and invested it in private enterprise through the stock market, and

thus provided jobs for the millions of Americans who work in this Nation? How else would taxes be collected to pay for the many programs to help employment such as area development, which I supported, and manpower retraining, which I supported, as well as the $4.8 billion public works appropriation bill already passed, which I supported, as well as the biennial public works authorization bill which I have been trying to get our committee to consider this year to the extent of $5 billion in sound projects, which I would support if brought out? So I think this debate ought to be on the level of the merits, not attacks on a Member or his district or his people back home.

I am glad the gentleman had something to say about the people of my district being frugal. There are however 100,000 of them out of 455,000 on social security. If you call them rich, I would not agree with you. But they are good, frugal Americans and they are not asking for handouts or Federal Government grants to projects that are traditionally local with the Federal control that results.

Susan Anthony Led Women in Long Fight for Suffrage: Right Given 42 Years Today

EXTENSION OF REMARKS

OF

HON. THOMAS J. LANE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 30, 1962

Mr. LANE. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article by Anthony Cama of Lynn, Mass., which appeared in a recent issue of the Lynn Sunday Post:

SUSAN ANTHONY LED WOMEN IN LONG FIGHT FOR SUFFRAGE: RIGHT GIVEN 42 YEARS TODAY

(By Anthony Cama, teacher, author, poet, and director of the Italian School, Lynn)

This is a salute to Susan Brownell Anthony, a most exceptional woman, who was born in Adams, Mass., in 1820, and who was a leader in the women's suffrage movement in the United States. Today marks the 42d anniversary of the final certification of the 19th amendment, which gives the women of America the right to use the ballot and hold public office.

She was a person whose powerful sense of social responsibility was insulted by the customs and the mores of her time placing insurmountable stumbling blocks in the path of woman's cry and surge for equal rights of dignity and honor. A teacher and reformer, she was an ardent flame in the era when most of the female world shrunk behind the overbearing, dominant facade of the lawmaking, superiority-conscious male. It was because of her patient, enduring convictions in the matter of the right of franchise as a symbol of equality between the sexes that a most audacious move was made. With distinctive pride and bearing, she gallantly and unequivocally submitted a bill for equal suffrage to Congress in 1886.

REBOUNDED

Undaunted, fearless, she was defeated but only to return again and again into the sneering masculine congressional arena for another attempt. I am sorry to say to the readers of the Lynn Sunday Post that Miss Anthony did not live long enough to see the 19th amendment become law August 26, 1920. But as long as women shall vote and work and have a claim to the control of their children and to the rights of holding their own money, Miss Anthony shall always be identified synonymously with the 19th amendment and women's right to vote.

With the indulgence and patience of the readers, I should like to present this dedicatory poem to womanhood in this writing:

LEFT IS THE HAND OF HEAVEN

The heart veins of the earth are splintered tears,
And starlamps are but ashes in the sky,
When woman stoops to gather broken spears
And droops her hair to mask her anguished eye.

The sea becomes a woman's mourning nest
To blind the sunrise with her aching dream,
And from her lovely, life-rich breast,
She gives her allness through its mother stream.

She walks—she falls—and sprawls within the dust
Only to arise and grimly plod ahead.
For she, the left hand, knows the right hand must
Be loved and helped to spin its strongest thread.

Left, is the hand of Heaven, mankind knows
The ageless truth of woman's visioned face.
She is the seed from which the flower grows,
She is the left hand in its rightful place.

Left, is the hand of Heaven, it will pray
And bless the cradle where man's fate has trod,
For she will guide the right hand's mortal way
And with her left hand reach the heart of God!

STRONG, COURAGEOUS

From time immemorial has not woman been the very essence of the lilting lyricals of poetry, music, painting, and sculpture? In her feminine fragility she has emerged the very bastion of strength, fortitude, and courageous faith. For ages she has waited within her home for her man to return from hunting or war, so that she would be ready to comfort, heal, and give of her love. She would be the warmth and the indivisible embrace wherein man—weary, wounded, and bleeding, victorious or defeated—would find that indefinable essence of power and determination time and time again. In the woman-wife, in the woman-mother, man would rise upward and upward, supported and held up by the measureless love and sacrifice of his mate.

It is with the greatest pleasure that this writer presents "Women of the Bible," by the renowned Michael Cardinal von Faulhaber. The cardinal explains: "The Hebrew expression (escheth chajil) means the courageous, energetic, thorough woman," a woman full of character, the valiant woman who shall render unto man "all good and not evil all the days of her life."

WOMEN IN GOSPEL

In the long and tortuous history of women's evolution let us mention Rachel, the wife of the patriarch, Jacob; Miriam, the sister of a prophet; and Anna, a prophets' mother; Debbora, judge and deliverer of her people; Dalila, the hostess in the valley of the vines, the woman of Samaria, the Chananite woman, Mary Magdalen, Martha, the mother of James and John; Veronica, and, in conclusion, to list these women in the Gospel, Mary, the mother of the Lord.

Let us also mention others, such as Queen Elizabeth of old Elizabethan England, Queen Victoria, Catherine the Great of old Russia, Florence Nightingale, Madam Curie of radium fame, and, of course, the thousands of heroic women long before Joan of Arc, and the pioneer American women, who were the indestructible backbone of the covered wagon era and the settling of this vast virgin and savage continent of ours.

Let us return to some important historic data of suffrage in our own Nation. After the Revolutionary War, when the Constitutional Convention met in Philadelphia to organize the States, the delicate question of suffrage caused such an uproar that it was omitted from the National Constitution and so left up to the decision of each State.

GREATER FORCE

Women were slowly acquiring more education and speaking out with greater force. By 1832 the antislavery question was a powder keg. Women had developed into excellent platform speakers, and their activity resulted in the division of the Antislavery Association, the Garrison-Phillips branch standing firm for Lucretia Mott and her followers. Among these were the Quakers, who had always worked for and given recognition to equal rights for women. Later on, Elizabeth Cady Stanton, of Revolutionary ancestry, joined the antislavery forces, and she and Lucretia Mott decided that the rights of women as well as those of the colored slave needed attention.

In July 1848, at a Friend's yearly meeting in western New York they cried forth in resonant tones for the first woman's rights convention in all history. It met in Seneca Falls, N.Y., Mrs. Stanton's home, on July 19, and after a 2-day session adjourned to Rochester, N.Y.

WORCESTER TALK

This may be regarded as the birth of the movement for women's suffrage not only in this country but all over the world. Tremendous publicity was given to this action by the New York Tribune under the astute and dynamic editorial leadership of Horace Greeley. This was followed in 1850 by a convention in Worcester, Mass., under the guidance of Lucy Stone and a very erudite and distinguished gathering of eastern suffragists.

This movement, however, still was feeble and lacked enough force to cause men to sit up and pay attention. With the entrance into this battlefield of dynamic Miss Susan B. Anthony, in cooperation with Mrs. Stanton, the entire Nation erupted into action by women everywhere. These two women, from their first encounter in 1851, welded a friendship which remained unbroken for 50 years. Miss Anthony attended her first woman's rights convention in Syracuse, N.Y., in 1852 and her last in Baltimore, Md., in 1906, a month before her death.

In 1917 New York was the first to yield the right to vote to its women citizens. By 1918 women had acquired equal suffrage with men in 15 States, offering the only instance in the world where the voters themselves gave the franchise to women. Now, during the demands of World War I, the value of women in all fields was demonstrated so well that all political parties were committed to their enfranchisement.

NO RIGHTS THEN

This writer cannot find enough words of gratitude and respect for the work and devotion contributed by women during World War II and the Korea conflict. It is truly a most happy labor to write this article and eulogize womanhood as well as to give our young female generation a history facet of how not so very far back, just in 1920, women had practically no rights at all. This cruel fact existed in our very own great democratic society, but it is consoling to know that America was mainly responsible for woman's enfranchisement all over the world.

In the great struggles of June 1919, when it appeared that perhaps women would fail again, the last ratification certificate was that of Tennessee. It was delivered to Secretary of State Bainbridge Colby at 4 a.m., August 26, 1920. At 9 a.m. he issued the official proclamation that the 19th amendment had been duly ratified by 36 State legislatures and "has become valid to all intents and purposes as a part of the Constitution of the United States." It read as follows: "The rights of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of sex."

From that hour complete and universal women's suffrage was the law of the land.

Jobs Going Begging

EXTENSION OF REMARKS

OF

HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 30, 1962

Mr. CURTIS of Missouri. Mr. Speaker, many of those in this body who supported the Manpower Development and Training Act have faced the question, where are these jobs which you plan to fill with the retrained workers? How can we hope to find places for the unemployed? I have said, and I say it again, that there are millions of jobs in our country going begging, jobs that are open with no one to fill them. Such a situation recently came to light. In U.S. News & World Report of September 3 there is a report on the testimony of the National Restaurant Association on the proposed new unemployment benefit program. In this testimony the association points out the number of jobs that are going begging in the restaurant industry. This is not an isolated example. By giving skills to those without them we can fill these jobs that are going begging and help solve the gnawing unemployment problem which still plagues our economy.

The report follows:

JOBS OPEN, MANY JOBLESS: WHY?

Workers who are highly choosy are being blamed for this trend in the restaurant industry: Unemployment remains high, but a wide variety of jobs is waiting for applicants.

That is the picture given to a congressional committee August 22 by Thomas W. Power, Washington counsel for the National Restaurant Association. He testified in opposition to a new program of Federal unemployment benefits.

Mr. Power reported that in Cleveland the State employment office failed for 6 months to fill 100 job openings for waitresses.

"Of 2,000 unemployed women interviewed," he said, "only 30 have been willing to take the jobs. In the same city, a private club has been trying to fill a job for a bus boy at $55 a week plus meals since February."

The reason according to Mr. Power "is not simply low wages." He continued: "Restaurant wages are rising over 5 percent each year. In Cambridge, Mass., restaurants now pay $65 to $80 a week for short-order cooks—up about 10 percent from a year ago—and still workers are not to be found."

Lack of qualifications also is not the reason jobs are waiting for workers, according to Mr. Power. He said: "The hardest-to-fill jobs—dishwashers—demand only minimum qualifications that most of the unemployed could meet. Yet they go unfilled mostly because even jobless workers refuse these jobs unless they have no other choice."

Mr. Power added: "We have reports of shortages of workers in Chicago, Philadelphia, Los Angeles, New York, Houston and Cleveland."

The Restaurant Association has taken a position against any extension of the Federal temporary benefits—given to workers whose State benefits have been exhausted—"unless there is clear evidence of sufficient need to justify it."

Mr. and Mrs. American Citizen

EXTENSION OF REMARKS

OF

HON. CHARLES S. JOELSON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 30, 1962

Mr. JOELSON. Mr. Speaker, I would like to bring to the attention of the House a heart-warming story about a constituent, Eugene Lenk, who now resides in Passaic, in the Eighth Congressional District of New Jersey. Born in Budapest, Hungary, of noble birth, he held the title of baron which his family had held for almost four centuries. In 1949, after spending 2 years in a Hungarian jail, he and his wife, Gabriella, fled from Hungary with only the clothing they had on their backs. Eventually they came to the United States in 1957.

On August 29, 1962, Baron and Baroness Lenk became U.S. citizens, willingly renouncing their titles for the prouder title of Mr. and Mrs. American Citizen.

Mr. Lenk now is a painting and carpenter contractor under the free enterprise system in our great democracy. I am sure that Mr. and Mrs. Lenk realize that in America titles are unnecessary because every man and woman earns respect and dignity on their own merits.

Over 50,000 Returns Received as Rogers Announces Questionnaire Results

EXTENSION OF REMARKS

OF

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 30, 1962

Mr. ROGERS of Florida. Mr. Speaker, each year it has been my practice to send out a questionnaire to the people of the Sixth District of Florida asking their views on some of the important issues before the Congress.

At the cutoff date for tabulation this year, 50,213 returns had been received. This is the largest response I have seen to any similar poll. That so many people have taken the time to reply is most gratifying and indicates the great interest and concern of our citizens in the affairs of their Government.

It is my belief that these results give a good cross section of American public opinion. Every part of the country is represented in south Florida today, and these people tend to reflect opinions based on their past experiences and backgrounds elsewhere, as well as new outlooks they have assumed since moving to Florida. The native and longtime Florida resident is also well represented in this tabulation.

The questionnaire is distributed through district newspapers as a public service, and by direct mailing. The full range of citizenry is asked to respond, no mailings are done to any special group. The occupational classifications of those who answer indicate that complete diversification has been achieved.

Because of the importance of the views of so many of our citizens, I insert the results of this questionnaire at this point in the RECORD:

[In percent]

	Yes	No	No answer
1. Should the United States reduce foreign aid?	87.0	10.8	2.2
2. Do you favor the Rogers bill to ban all trade with Castro's Cuba?	96.2	2.9	.9
3. Do you favor a reduction of transportation taxes?	74.3	21.5	4.2
4. Do you favor U.S. purchase of U.N. bonds?	29.9	63.8	6.3
5. Should a new Federal department of Cabinet rank be created for urban affairs?	20.1	72.7	7.2
6. Do you approve an increased social security tax to provide medical care for the aged?	47.2	50.4	2.4
7. Do you favor Federal aid for—			
A. School construction?	42.5	55.2	2.3
B. Teachers' salaries?	30.8	65.9	3.3
8. Should the United States lower tariffs to compete in the European Common Market?	60.5	31.8	7.7
9. Do you favor my proposal for systematic annual reduction of the national debt?	93.1	3.4	3.5

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued Sept. 4, 1962
For actions of August 31, 1962
87th-2d, No. 157

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HIGHLIGHTS: Senate passed independent offices appropriation bill. Sen. Javits commended holding of World Food Congress. Sen. Moss urged enactment of Youth Conservation Corps bill. Senate passed measure for National School Lunch Week. Rep. Breeding inserted Secretary's statement regarding vote on wheat referendum.

SENATE

1. INDEPENDENT OFFICES APPROPRIATION BILL, 1963. By a vote of 65 to 5, passed with amendments this bill, H. R. 12711 (pp. 17247-63, 17266-73, 17278-90). Conferees were appointed (p. 17290). By a vote of 14 to 68, rejected an amendment by Sen. Young, O., to strike out the item of $93,800,000 for construction of civil defense shelters in Federal buildings and provide, instead, $10,000,000 for civil defense research studies (pp. 17258-63). The committee report includes the following statement regarding limitations on indirect expenses of research projects for agencies included in this bill:

"Section 304 of the General Provisions of the act as passed by the House limits the payment of indirect expenses in connection with research projects to a maximum rate of 25 percent of the direct costs. This limitation is applicable to research projects supported by grants. The committee strongly supports the action of the House in establishing a maximum rate of 25 percent since it will permit agencies, such as the National Science Foundation, to approve the payment of indirect costs on the basis of a flat rate percent which is equitable to both the Federal Government and the colleges and universities. The committee feels that the current flat rates being used by agencies should be adjusted

so that colleges and universities will be reimbursed for indirect expenses in connection with research projects at a flat rate which is a reasonable approximation of average costs."

2. SCHOOL LUNCH WEEK. Passed with amendment S. J. Res 211, to provide that the week beginning on the second Sunday of October each year shall be designated as National School Lunch Week. p. 17295

3. YOUTH CONSERVATION CORPS. Sen. Moss urged enactment of legislation, during this session of Congress, to provide for the establishment of a Youth Conservation Corps. p. 17307

4. WORLD FOOD CONGRESS. Sen. Javits commended the World Food Congress to be held in Washington, D.C., in June 1963, and praised the U. N. Food and Agriculture Organization "as one of the oldest and most effective organizations of the United Nations." pp. 17243-4

5. TAXATION. Continued debate on H. R. 10650, the proposed Revenue Act of 1962. pp. 17232-43, 17300-06

6. MINERALS. Conferees were appointed on H. R. 10566, to provide for the withdrawal and orderly disposition of mineral interests in certain public lands in Pima County, Ariz., and H. R. 8134, to effect a statutory withdrawal of certain former Taylor Grazing Act lands near Phoenix, Ariz., from all forms of entry under the public land laws. House conferees have already been appointed on these bills. p. 17246

7. SAFETY. Passed without amendment S. J. Res. 222, to provide for the designation of the period Oct. 1962 to Oct. 1963 as National Safety Council Fiftieth Anniversary Year. p. 17299

8. COURTS. The Judiciary Committee reported with amendments H. R. 1960, to amend title 28 of the U. S. Code relating to the jurisdiction of the U. S. district courts (S. Rept. 1992). p. 17314

9. NOMINATION. Received the nomination of Willard Wirtz to be Secretary of Labor. p. 17315

10. ELECTRIFICATION. Sen. Metcalf criticized the electric power rates of the Montana Power Company as "exorbitant", and inserted several items to support his position. pp. 17311-4

11. ADJOURNED until Tues., Sep. 4. p. 17315

HOUSE

12. WHEAT. Rep. Breeding inserted a statement by Secretary Freeman regarding the wheat referendum which says in part, "I would interpret this referendum as a specific demand for better action on farm legislation than we have seen to date." p. 17223

13. PUBLIC WORKS. Rep. Gross objected to returning S. 2965, the public works bill, to the House in order to make a technical correction in the House amendments. pp. 17214-5

14. APPROPRIATIONS. Received the conference report on H. R. 11151, the legislative appropriation bill (H. Rept. 2316). pp. 17213-4, 17230

15. PERSONNEL. Passed with amendment S. 919, to amend the Hatch Political Activities Act to provide that the Civil Service Commission impose no penalty less than 30 days' suspension (instead of the present 90) for any violation of Sec. 9 of the Act. Earlier action on this bill was vacated. pp. 17215, 17227

16. TARIFFS. The Ways and Means Committee reported with amendment H. R. 12242, to provide for the tariff classification of certain particleboard (H. Rept. 2318). p. 17230

17. CENSUS. A subcommittee of the Post Office and Civil Service Committee voted to report to the full committee H. R. 11950, to provide for taking of the economic censuses 1 year earlier starting in 1968, and, with amendment, H. R. 10569, to preserve the confidential nature of copies of information filed with the Bureau of the Census on a confidential basis. p. D799

18. ADJOURNED until Tues., Sept. 4. p. 17230

ITEMS IN APPENDIX

19. FARM PROGRAM. Extension of remarks of Sen. McGee commending this Department and inserting an article, "On the Plus Side," pointing up some of the accomplishments of the Department. p. A 6558

20. CIVIL DEFENSE. Extension of remarks of Rep. Green criticizing the "failure of the House" to provide adequate civil defense funds. pp. A6558-9
Extension of remarks of Sen. Carroll inserting a letter suggesting that civil defense workers need support and encouragement of the Congress. pp. A6563-4

21. INSECTICIDES. Extension of remarks of Rep. Toll stating that if our health is to be protected "an evaluation of both present legal restrictions on insecticide use and of the necessity of employing extremely toxic insecticides themselves is imperative." pp. A6567-8

22. PUBLIC WORKS. Speech in the House by Rep. Barry urging defeat of the public works acceleration bill. pp. A6569-70

23. EXPERIMENT STATIONS; RESEARCH. Speech in the House by Rep. Pirnie in support of H. R. 12712, authorizing Federal matching funds for agricultural experiment station research facilities. p. A6570

24. SMALL BUSINESS. Extension of remarks of Rep. Green commending the Small Business Administration for its accomplishments in the disaster loan program. p. A6572

25. INFORMATION. Extension of remarks of Rep. Dingell inserting an article, "Congressional Watchdog--Fast-Rolling Moss Leaves No Stone Unturned in Fight to Guarantee Press Access to Government Information." pp. A6578-80

26. EXPENDITURES. Extension of remarks of Rep. Chamberlain inserting an article and stating it is "an indication of growing opposition with respect to increased Federal spending." pp. A6580-1

BILLS INTRODUCED

27. CONTRACTS. H. R. 13040, by Rep. Halpern, to amend the Davis-Bacon Act to require compliance with the provisions thereof in the performance of certain agreements; to Education and Labor Committee.

28. LABOR. H. R. 13042, by Rep. Multer, to amend title 18, United States Code, to make it unlawful to furnish transportation to certain unemployed persons and members of their family in order to cause such person to move to another State; to Judiciary Committee. Remarks of author, p. 17222

29. RECLAMATION. H. R. 13045, by Rep. Saylor, to provide for a more equitable repayment to the Treasury of the United States of the capital costs and interest costs of Federal reclamation projects and other Federal multipurpose projects; to Interior and Insular Affairs Committee.

H. R. 13046, by Rep. Saylor, to provide for the extension of the Reclamation Acts, as amended, to all of the United States; to Interior and Insular Affairs Committee.

0

COMMITTEE HEARINGS SEPT. 4:

Roads bill, S. Public Works (exec).
Federal pay bill, S. Civil Service (exec).

oOo

Please return to
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United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 87th CONGRESS, SECOND SESSION

Vol. 108 WASHINGTON, FRIDAY, AUGUST 31, 1962 No. 157

House of Representatives

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalm 133: 1: *Behold how good and how pleasant it is for brethren to dwell together in unity.*

O Thou God of all grace, grant that as we look out upon our world today, so troubled and tormented by strife, we may be stirred by a moral and spiritual passion to temper the minds and hearts of men with some finer essence of justice and righteousness, of forbearance and forgiveness, of peace and good will.

May the citizens of our own beloved country be brought into a closer association, as patriots and partners, with all the freedom-loving nations in a concerted effort to strengthen and stabilize our civilization, which is being threatened by the forces of atheism and anarchy, of brutality and bloodshed.

Give us the insight and the inspiration to conceive and comprehend that our social order is "a contract between the living, the dead, and those yet unborn," which is a solemn and sacred compact we dare not break or fail to fulfill.

Hear us in the name of the Prince of Peace. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 1308. An act to incorporate the Sea Cadet Corps of America, and for other purposes.

LEGISLATIVE APPROPRIATION BILL, 1963

Mr. STEED submitted the following conference report and statement on the bill (H.R. 11151) making appropriation for the legislative branch for the fiscal year ending June 30, 1963, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 2316)

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H.R. 11151) making appropriations for the legislative branch for the fiscal year ending June 30, 1963, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 37, 42, and 43.

That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same.

Amendment numbered 40: That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$9,810,430"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 36, 41, 44, and 45.

TOM STEED,
MICHAEL J. KIRWAN,
CLARENCE CANNON,
WALT HORAN,
JOHN TABER,
Managers on the Part of the House.

JOHN O. PASTORE,
DENNIS CHAVEZ,
A. S. MIKE MONRONEY,
HUBERT H. HUMPHREY,
CARL HAYDEN,
LEVERETT SALTONSTALL,
MILTON R. YOUNG,
THOMAS H. KUCHEL,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate Nos. 36, 37, 39, 40, 41, 42, 43, 44, and 45 to the bill (H.R. 11151) making appropriations for the legislative branch for the fiscal year ending June 30, 1963, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each such amendment, namely:

AMENDMENTS PREVIOUSLY AGREED TO

Amendments of the Senate Nos. 1–35, inclusive, and No. 38, relating solely to appropriations for the expenses of that body, were agreed to by the House just prior to sending the remaining amendments to conference on August 8.

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

Amendment No. 36: Reported in technical disagreement. Motion will be made to recede and concur.

Under a somewhat arbitrary arrangement many years ago, appropriations for expenses of certain joint committees are disbursed by the Clerk of the House and certain others are disbursed by the Secretary of the Senate. In conformity, those disbursed by the Clerk are included in the bill in the House while the others, following the general custom in regard to all Senate housekeeping expenses, are left for insertion by the Senate. Being joint committees, the matter of expenses is of equal concern to both bodies, and the conferees are accordingly agreed that in the future all such items should be included in the budget and in the House version of the bill.

ARCHITECT OF THE CAPITOL

Amendment No. 37: Strikes from the bill the $37,500 proposed by the Senate for preparing working drawings, specifications, and estimates of cost for restoration of the old Senate Chamber and the old Supreme Court Chamber in the Capitol Building substantially to their conditions in 1859 and 1860, respectively.

This action has been taken without any prejudice to future consideration of the proposal. There are those in the Congress who feel the project is desirable, but it is one that should be first processed through regular legislative channels. Under the law, changes in architectural features of the building require prior legislative approval. An authorization in advance of appropriation is the prescribed procedure.

Moreover, with rebuilding and reinforcement of the supporting structure under the East side of the central dome, it has been indicated that, for engineering and structural reasons, it may, in the not so distant future, be necessary to rebuild the west central side to compensate and to replace the deteriorating structural features. This would at least open to logical consideration the whole question of the west central area and the conferees think this is an added reason for deferral of the instant proposition.

LIBRARY OF CONGRESS

Amendments Nos. 39, 40, and 41: Appropriate $9,810,430 for salaries and expenses of the Library, instead of $8,939,000 as proposed by the House and $9,906,350 as proposed by the Senate; earmark not to exceed $1,100,000 of the appropriation for renovation of naval weapons plant space for use of the Library as proposed by the Senate and in connection therewith, strike the space rental authority in the House bill.

The House has repeatedly approved funds for commercial rental of space as a modest measure of relief for the badly overcrowded situation in the Library, but suitable space has not been found. After the bill passed the House it developed that suitable space could be allocated at the old naval gun factory, but it would require some alteration. The Senate, in response to a budget increase of $955,500 not before the House, made provision for the item, including allowance for customary General Services Administration maintenance costs. The economics of the proposition are such that the savings as compared to commercial rental of equivalent space should offset renovation and maintenance costs in about 6 years. The Senate assumed occupancy of the space by September 1, but it is now understood that April 1 of next year is a more realistic date. That accounts for $90,070 of the downward adjustment of the Senate figure.

The amount allowed also includes $15,000 for the children's book section. The conferees are agreed that this activity should be held, at least for the time being, to the modest basis proposed. There are many demands for the services and facilities of the Library, and it is usually not practicable to meet all of them. This unit should, as a minimum, be on a modest basis for an experimental period of time and take its place in the competition of priorities within the annual budget determinations.

Amendment Nos. 42 and 43: Strike the Senate increase of $80,000 in the item for purchase of Treasury-owned foreign currencies to be used to acquire and distribute foreign library materials.

The conferees are agreed that this experimental program should be kept on that basis at least a while longer.

GENERAL PROVISIONS

Amendment No. 44: Relates to simplified addressing of franked mail not only on city delivery service but on rural and star routes. Reported in disagreement.

Amendment No. 45: Relates to longevity pay provisions for certain employees of the Senate and of the telephone exchange and Capitol police. Reported in technical disagreement. Motion will be to recede and concur with minor perfecting amendments.

The telephone exchange personnel, some of whom are carried on the House roll and some on the Senate roll, have been under a longevity system for many years. The police force has also had such a system for several years. They would, under the proposition, be on a uniform basis along with the other employees covered by the plan.

TOM STEED,
MICHAEL J. KIRWAN,
CLARENCE CANNON,
WALT HORAN,
JOHN TABER,
Managers on the Part of the House.

CORRECTION OF HOUSE AMENDMENTS TO S. 2965

Mr. BLATNIK. Mr. Speaker, I ask unanimous consent that the Clerk be directed to request the Senate to return to the House the bill S. 2965 with the House amendments thereto; and that when said bill and amendments are returned to the House, the Clerk be authorized and directed to make the following corrections in the engrossed copy of the House amendments:

On page 6, in lines 12 and 19, strike out "section 9" and insert "section 3."

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

Mr. AUCHINCLOSS. Mr. Speaker, reserving the right to object, I have discussed this matter with the gentleman from Minnesota and we have gone into it carefully. It is evidently and clearly an oversight when the amendment to the bill was introduced striking the coordinator from the bill. I have no objection to this amendment and withdraw my reservation of objection.

I yield to the gentleman from Florida [Mr. CRAMER].

Mr. CRAMER. Mr. Speaker, reserving the right to object for information. May I ask the gentleman, is it true that without this amendment Mr. Robert Weaver, who is going to head this program, according to the testimony in our record, and as head of HHFA, Community Facilities and Area Redevelopment without this amendment referring to section 3 rather than the present wording of section 9, section 9 becoming section 3, would not have anything to administer? There is no program because section 9 no longer exists after the House action on Wednesday. Section 9 is nonexistent—there are not nine sections remaining in the bill.

Mr. BLATNIK. The truth is when we offered the amendment we changed the sections in our prepared amendment, line by line, correcting the error as far as our committee was concerned. It was suggested at the desk to the Member offering the amendment that to save time he merely used the phrase "and renumber the following sections accordingly," which he did. This was an oversight since the amendment presented to the desk contained the language necessary to make the changes inadvertently omitted. So section 9 of the original bill became section 3. However, in a cross-reference of the original language of the bill itself, where we refer to section 9 in two instances, this also should have been changed to section 3 as the amendment of the committee showed when brought to the desk. This is purely a technical correction. This same thing has happened on a few occasions before, in one instance in connection with a foreign aid bill. The intent, of course, is clear, that these two cross-references should be section 3.

Mr. CRAMER. It is a correction to conform the balance of the bill to consider the fact that sections 3 to 8 were stricken, which struck the coordinator, but as a matter of fact this is not a renumbering of the subsequent sections. This is not a numbering of the subsequent sections to conform but rather it is a change of a substantive nature in the body of the paragraph referring to section 9, that is, the previous existing section 9, which became section 3, to conform. Is that correct?

Mr. BLATNIK. Yes. It is purely a technical change.

Mr. CRAMER. I want to know what is going to happen to this bill. Why cannot this correction be made in conference? This is a correction that could very properly be made in conference. The Senate has passed its bill for $750 million grant authority and $750 million for standby authority, 50 percent loans and 50 percent grants for projects, thus all Federal money. That bill has already passed. This bill has passed the House. Why cannot this be corrected in conference?

Mr. BLATNIK. It could be, but members on both sides of our committee would like to send a clean, clear-cut bill, without any of these inadvertences and technical errors in it.

Mr. CRAMER. I would not question the answer the gentleman gave, but I would suggest that it does leave the door open for the other body to take the House version and never go to conference, the House never getting the opportunity to consider the matter further. It appears to me that the purpose is to put the bill in clean form so that it can be acted on by the other body, never returned to the House and it would not go to conference so the differences between the two bodies could be ironed out.

Mr. BLATNIK. I think our request is to send a clean, proper bill to the Senate. That is a responsibility of the House. As to prognosticating on what the other body is going to do, that is the last thing I would attempt to do. I am only asking to send over a good clean bill.

Mr. CRAMER. I suggest to the gentleman further that in the future, so far as the minority is concerned—I am speaking on behalf of myself and not necessarily for the gentleman from New Jersey [Mr. AUCHINCLOSS], who is the ranking Republican member of the committee. As the gentleman knows, I took a great deal of interest in this legislation, and I would suggest that in the future when these substantial amendments of considerable consequence such as eliminating the coordinator sections are considered or are to be considered on the floor of the House under the 5-minute rule, certainly the Members on the minority side should be given an opportunity to have advance notice as to what those amendments are to be, and that we be given an opportunity to see them and maybe help prevent some of these very mistakes in the future. I think that our counsel and the people on our side if they had an opportunity to consider this amendment—the same with the education amendment—perhaps some of the shortcomings of the amendments—and I brought that out on the floor Wednesday—could have been corrected.

I would suggest that in the future, as a matter of liaison between the two sides, and in order to accomplish good legislation, even though I may not agree with the amendment, at least we be consulted, in the hope this kind of mistake is not made, because if this amendment is not agreed to Mr. Weaver, who is going to administer the program as head of the Housing and Home Finance Authority, is not going to have anything left to administer.

I think in deference to the interest that the gentleman knows has been shown on our side of the aisle in this legislation, it being of this significance, that at least it would have been a matter of courtesy to submit it to the minority side for its consideration.

Mr. BLATNIK. Permit me to answer that, because the gentleman is taking quite a considerable length of time on this matter. I did personally report to the minority leadership that——

Mr. CRAMER. Oh, no; the gentleman did not give us the terminology.

Mr. BLATNIK. I did personally report to the minority leadership's office that we intended to strike this out.

Mr. CRAMER. That is exactly right, and no wording of the amendment was submitted then to the effect that sections 3 through 8 were stricken. The substantive, corrective amendment at this time being made shows clearly that that amendment was imperfect. If it has been submitted to the minority, we may have been helpful in correcting it.

Mr. BLATNIK. The gentleman is not telling the correct story. Our amendment as written here and as it lay on the Clerk's desk is correct and proper in its entirety.

Mr. CRAMER. Can the gentleman tell us what happened to the amendment between the time it left the gentleman's desk and the time it arrived at the Clerk's desk?

Mr. BLATNIK. A correction was made by one of the staff at the desk, or the Parliamentarian, but in the interest of saving time, rather than reading about eight technicalities all referring to the same thing, to make it shorter which was assumed would make the other number references and sections conform accordingly.

Mr. CRAMER. That does not accomplish the objective that is trying to be accomplished now, and the gentleman knows it. This has nothing to do with renumbering subsequent sections. This has to do with changing the reference to a section in the body of the remaining paragraph; is that not correct?

Mr. BLATNIK. That is not true; the intent is clear.

Mr. CRAMER. Cannot the gentleman read the bill, on page 16951 of the RECORD, which shows the amendment as passed by the House? I think it clearly shows the situation. I will read it in the RECORD, if necessary, if the gentleman will not admit that this is a change of reference within the body of the remaining paragraphs 5(a) and 5(e), both of which refer to the body of section 9, changing section 9 to section 3, and it has nothing to do with renumbering the subsequent sections.

Mr. Speaker, I think the record ought to be clear on this point. I am getting rather tired of having it look in the debate that I do not know what I am saying or talking about, when what I am saying is correct in the record.

Mr. BLATNIK. The substantive portions of the bill are not affected, since the intent is clear.

Mr. CRAMER. The present amendment was not contained in the gentleman's amendment on Wednesday or the amendment of the gentleman from Texas [Mr. WRIGHT], when he sent his amendment to the desk, as now read by the gentleman from Minnesota. I say again, therefore, the amendment on Wednesday was imperfect. Therefore if the majority had consulted with the minority, that imperfection may have been caught. I hope in the future that the minority will be considered and perhaps some of these mistakes can be prevented in the future. I disagree that this is merely a technical amendment when it changes the substantive provisions of the bill under sections 5 (a) and (e) and the effect of the amendment is so consequential.

Mr. GROSS. Mr. Speaker, further reserving the right to object——

Mr. BALDWIN. Mr. Speaker, I make the point of order that a quorum is not present.

Mr. GROSS. Mr. Speaker, I object to the request of the gentleman from Minnesota. This is a technical error that can be corrected either by the Senate or in conference. I object.

The SPEAKER. Objection is heard.

Does the gentleman from California [Mr. BALDWIN] withdraw his point of order?

Mr. BALDWIN. I withdraw the point of order, Mr. Speaker.

AN ACT TO PREVENT PERNICIOUS POLITICAL ACTIVITIES

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the proceedings whereby the House passed S. 919, with an amendment, be vacated, and that the House proceed to the further consideration of the Senate bill for the purpose of considering an amendment thereto.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. HOEVEN. Mr. Speaker, reserving the right to object, will the gentleman explain the purport of his request?

Mr. McFALL. On yesterday, we passed a bill concerned with penalties involved for violation of the Hatch Act. The bill as it was originally on the House Consent Calendar provided for the elimination of the mandatory 90-day penalty in its entirety. After some discussion with the gentleman from Iowa [Mr. GROSS], who felt that a 30-day penalty should be retained, we agreed that amendment would be submitted and the bill would be passed in that form. A mistake was made in the preparation of the amendment, so that the bill as passed removed the penalty altogether. We are now attempting to vacate the proceedings of yesterday and amend the bill as agreed with the gentleman from Iowa and the members of the committee.

Mr. HOEVEN. Has this matter been cleared with the ranking minority Member on this side?

Mr. McFALL. The gentleman from Ohio [Mr. SCHENCK] agreed to the proceedings of yesterday.

Mr. HOEVEN. What about the proceedings of today?

Mr. McFALL. I am sure he would agree, because it proposes to do what we expected to do yesterday. I discussed this with the gentleman from Iowa [Mr. GROSS], and he is aware of what we are attempting to do.

Mr. HOEVEN. Mr. Speaker, I yield to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Yes; I will say to my colleague from Iowa that this does retain in the bill the 30-day provision, as the gentleman explained it to me, and I agreed to it.

Mr. HOEVEN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 9(b) of the Act entitled "An Act to prevent pernicious political activities", approved August 2, 1939, as amended (5 U.S.C. 118i (b)), is amended by striking out *"Provided further,* That in no case shall the penalty be less than ninety days' suspension without pay:".

Mr. McFALL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McFALL: Strike out all after the enacting clause and insert: "That section 9(b) of the Act entitled 'An Act to prevent pernicious political activities', approved August 2, 1939, as amended (5 U.S.C. 118i(b)), is amended by striking out *'Provided further,* That in no case shall the penalty be less than ninety days' suspension without pay:', and inserting in lieu thereof *'Provided further,* That in no case shall the penalty be less than thirty days' suspension without pay:'."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TWENTY-THIRD ANNIVERSARY OF INVASION OF POLAND

Mr. ROONEY. Mr. Speaker, tomorrow, September 1, is an important day to many people, but mostly to Poles, for on that day, 23 years ago, Adolf Hitler's armed hordes invaded Poland and thus began the world's greatest holocaust. This seems to me to be the proper time to pay homage to the brave people of that country, the first to fight totalitarian forces. By their unprecedented courage in the early stages of the war, by their brave defense of their unprotected capital city of Warsaw, by their historic resistance during the years of Nazi occupation and finally during the post-war years of totalitarian Communist rule by Moscow-trained agents, the Polish people have demonstrated a wonderful spirit of resistance. They have withstood years of unparalleled bloodshed, tortures, and burning alive in Nazi crematories. The Thermopylean defense of their capital city during 63 days of heroic insurrection of 1944 will long be remembered.

Today Poland is part of the Soviet Empire and it seems to me that this is the right time for the United States to place the enslavement of this heroic nation and other captive peoples on the agenda of the United Nations General Assembly and to bolster that demand by diplomatic action with friendly governments of the free world.

Poland is the largest of the European captive nations and, because of her geographical position and the stamina of her people, the most important of all ruled by Moscow. The progress of

sovietization, arrested in October 1956 by a so-called peaceful revolution, has recently gained new impetus by present church-state relations, the muzzling of the press and the writers' union, and the harnessing of Polish youth who are deprived of religious instruction and of education free from Communist political indoctrination.

It seems to me that formal recognition by the United States of Poland's western border along the Oder-Neisse Rivers would increase the hopes of the Polish people and render them still more adamant to the constant pressure of Communist ideology, thus weakening Moscow's arguments that Soviet Russia is the only guarantor of Poland's territorial integrity. The time to do it is now.

In this connection I should like to call the attention of the House to the fact that any indecision or wavering displayed in our policy governing nonrecognition by the United States of the status quo, as it now exists behind the Iron Curtain, is immediately reflected in the captive European nations, but especially so in Poland, whose people are still reposing their hopes in America.

I, therefore, propose that this Government should not sign any treaty or enter into any international agreement which would legitimize the status quo.

I consider the continued economic assistance by the United States to help the Polish people toward greater independence from Soviet Russia a must of our foreign aid program and, indeed an indispensable item of our foreign policy. I fully support President Kennedy's policy in this regard and his right to determine if and when, also how to extend economic aid to Poland. Conditions constantly change and no rigid rule can be set which will be to the best advantage of the people of Poland and in the best interests of the United States.

The present political situation in Poland cannot be disregarded. The indomitable spirit of resistance to Communist pressure throughout Poland should be reckoned with. The Communists and their system make life very hard for the Polish people who have back of them 1,000 years or more of independent statehood and a traditional love of liberty and personal freedom. As long as the present system prevails, Poles will flee from their homeland, and those of them who risk flight do so with the odds against them. Therefore, continued admission into the United States of refugees and recent escapees from Poland is fully warranted and should constitute an important point of our foreign and immigration policy.

The Polish refugee problem still remains unsolved. Poles, reluctant to return to their homeland as long as it is ruled by Communists, represent the largest single group among the war and postwar refugees in Western Europe. There are thousands of them in Germany, Austria, Belguim, France, Italy, and other countries. Proper liberalization of our immigration laws, taking into consideration those who suffered the most and who under present rigid standards are prevented from emigration should be seriously considered at this time.

Again here, as in the case of economic aid to Poland, discretion should be used and our immigration laws should include ample provisions to administer the statutes in a human fashion. No deportation to Poland of bona fide refugees and recent escapees should be permitted, especially so when they seek political asylum in our country. The argument that there is no terror in Poland now, consequently every Polish national is safe to return to his homeland, that he will not be molested there, imprisoned, or otherwise persecuted, is simply a fallacy. It is based on a false premise and devoid of realism. Blacklisting of repatriates, including those who were invited by numerous institutions serving the Communist regime in Poland, are not isolated cases. The fact that arrests are not made immediately upon a person's return to his—or her—Polish homeland, only proves that political expediency has taught the Communists to change methods, but not their aims.

The unsolved Polish refugee problem in Western Europe presents mounting difficulties to the nationwide Polish-American voluntary agency, the Polish-American Immigration and Relief Committee with headquarters in New York. This institution, observing this year the 15th anniversary of its noble service, represents the interests of the stateless, downtrodden victims of World War II, and victims of postwar brutality and inhumanity at the hands of totalitarian modern barbarians. It is a recognized voluntary agency working in close cooperation with our Department of State, and as such it well merits continued and substantial U.S. Government assistance.

Polish refugees and recent escapees have made history since the termination of hostilities in World War II. While no general peace treaty is forthcoming and while it is difficult to define with whom and by whom such a treaty should be signed, former foes having turned into friends, and former allies into enemies, the fact remains that the world refugee problem is with us, perhaps for years to come or at least as long as the free world permits totalitarian forces to stir up trouble in many sections of the terrestial globe.

I for one do not propose to abandon hope for solution of the Polish refugee problem. I for one do not propose to abandon our wartime allies who were first to fight Hitler's aggression; who distinguished themselves mobilizing huge volunteer armies that were on the side of the Western Allies in the battle of England, in the Norwegian fjord at Narvik, in Tobruk in Africa, Falaise in France, and Arnhem in Holland, and last but not least, at Monte Cassino which they wrested from the Nazi armies. I for one do not propose to let down the compatriots of the 7 million-odd Americans of Polish lineage who have served this country in both world wars, and who are serving it daily in their manifold task and endeavors, enriching continuously our great common American heritage.

MARY AGNES AMBERG

(Mr. LIBONATI asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. LIBONATI. Mr. Speaker—

A Holy light shines bright tonight
In one of God's own mansions,
It guided home a blessed soul,
Whose life Christ gave God's sanctions.

Mr. Speaker, the Catholics of Chicago have witnessed the social work of many blessed women, functioning among the poor in its congested city areas.

Miss Mary Agnes Amberg, of Chicago's West Side, left wealth and society to spend her life to advance the social training and thinking of thousands of children of the early immigrant families and their offspring for the past 62 years.

Her death closes the career of a brilliant and distinguished woman who, by her Christian principles of endeavor, influenced the lives of the generations of children growing into manhood and womanhood.

It was a rare coincidence that one locality, in such dire need of the leadership and benevolent influence of social instruction, was the recipient of her talented efforts to mold the social conscience of the future citizens of our community.

Her parents were leaders among the social elite of early Chicago society. Her father, William A. Amberg, was a wealthy businessman and inventor. Her mother, Mrs. Agnes Amberg, founded the Guardian Angel Center at Newberry Avenue and Roosevelt Road. It was an adjunct to the Guardian Angel Church, located on old Forguer Street—now Cabrini—near Halsted.

In 1916 Father Francis Breen, one of three brothers, members of the Jesuit Order, teaching Latin at the St. Ignatius High School—Blue Island Avenue at Roosevelt Road—at the instance of Miss Mary Amberg, asked the older group of young men to join the center. The Exempla Club became one of the outstanding young men's clubs on the West Side. Every member was active and the high caliber training received there made a lasting impression on their thinking and behavior.

Miss Mary Amberg joined the center in 1900 and became its director in 1912. With the population trends westward, the center moved to its present location, 712 South Loomis Street, in 1922.

One of Miss Mary's closest associates in this work, for 40 years, Miss Marie Plamondon, also from one of the most distinguished Chicago families, shouldered heavy responsibilities in her official capacities.

The greatest good in life emanates from genteel womanhood—who, as a lady, reaches forth among the masses to teach the social principles that guide the destiny of our society. The raw, teeming humanity seeks an outlet to learn the cultural side of American life, that social norms may be observed and total acceptance accomplished. The immigrant populations are best suited for this exposure to our customs and social rules—having left native lands, whose

Representing the tobacco workers of Tampa and knowing that the lack of imported Havana tobacco has hit the tobacco-making industry hard, this sacrifice now being made by U.S. workers to prevent dollars from flowing to Cuba, it is totally unconscionable that the administration would give backing to this indemnity ransom demand, which includes a preliminary Treasury Department ruling making contributions to the exiled prisoners committee tax deductible and refusal upon interrogation of the President to repudiate this scheme to provide dollars to Communist Castro.

During the campaign, Candidate Kennedy reiterated many times his intention, if elected President, to take firm action in Cuba, including specifically the recognition of a free non-Communist government-in-exile. This has not been done to date and the Cuban refugees, who themselves, if properly unified behind an effective leader, could do more than anyone else both externally and internally to overthrow the Castro-Communist regime, for many months have been imploring the administration to take such a move so that all of the Cuban exiles and the present and prospective insurgents within Cuba would know that the United States is in support of a free non-Communist government for Cuba and would have hopes of eventual victory. The floundering around today, including the split among the Cuban refugees as to who the proper leader should be, makes this solution to the Cuban crisis most difficult.

The second step should be a declaration of policy by the United States announced to the Communist world the intention of this country to uphold the Monroe Doctrine reenunciated at Punta del Este and backed by the Organization of American States to prevent the inshipment in the future of any additional heavy war materiel in this hemisphere and specifically to Cuba and likewise to prevent the exportation from Cuba to any other hemisphere of revolutionary war materiel and/or forces. Troops were sent to South Vietnam to prevent Communist overthrow and attack from Laos, risking Russian and Red China oppositon but none developed. That country is five to six thousand miles from our shores and yet there is no willingness to prevent shipment of troops and materiel into a Communist-controlled and dominated island 90 miles from our shores. This makes no sense to me or the American people. The excuse is used that the United States should not ruffle the feathers of Russia because of the Berlin situation. That did not prevent troops from being sent to South Vietnam and should not prevent firm action on Cuba. This is, in my opinion, an excuse for inaction which makes no sense.

The President should likewise enunciate the policy of the United States that Alliance for Progress funds which are already supposed to be conditioned upon land reform and other assurances should also be made available subject to further assurances that aid to, recognition of, and trade with Cuba would be withdrawn so that that country would be isolated and to prevent the exportation of communism from Cuba.

The best information available to me, despite denials thereof by the President and the State Department, is that some 450 Communist troops recently did enter Cuba along with the other military buildup and whether or not they were in uniform seems to be nit picking and approaches an effort to mislead the American people as to what is going on in Cuba. Through failure to back up the invading refugees on the Bay of Pigs with military recommended air coverage the immediate opportunity to get rid of Castro was lost and thus the responsibility of the New Frontier. It is equally its responsibility to provide effective leadership in killing off this cancer before it spreads further or becomes a greater danger and this, in my opinion, is our duty under the Monroe Doctrine principles. A failure to provide an effective program is a sign of weakness, not only throughout the world, but in this hemisphere in particular. It is time that it be recognized that the Communists are establishing a little Russia and Red China in Cuba, 90 miles from our shore, and if this is realized then action necessarily follows. I add to my remarks a very well-reasoned column by Henry J. Taylor, which also reasons that this buildup is obviously interference in our hemisphere contrary to the Monroe Doctrine:

CUBA EMBARRASSES J.F.K.

(By Henry J. Taylor)

The heroes' shells that richocheted across Havana Harbor into the Soviet-infested Rosita de Hornedo Hotel were the shots of liberty. This is the agonized voice of the oppressed about which we preach so much to far-off places and do nothing about in nearby Cuba.

Cuba embarrasses President Kennedy. He systematically attempts to tuck Cuba under the bed. This is human. But no greater disservice could be done to the human spirit there, to the integrity of the United States, our hemisphere and the peace of the world.

On a public relations basis, one of the administration's major objectives is to keep this horror-stricken island out of the headlines. The mold was cast immediately after the Bay of Pigs debacle. For this public relations purpose, Mr. Kennedy advanced his Vienna meeting with Khrushchev and surprised President de Gaulle and Prime Minister Macmillan by going abroad and entering into full pageantry months before he originally intended to, or should have gone.

The diversion process continues. But it still leaves our Cuba business unfinished. How long can the United States pretend nothing is happening in Cuba and turn in its gaze the other way?

Mr. Kennedy warned Castro, "The United States will not tolerate a Communist regime 90 miles from our shores." We not only tolerate it; we actually help it. First, we help it by not constantly condemning in any effective way the barbarianism there.

Protocol wristslaps, yes. Wrath, no. If the steel companies could evoke such wrath from Mr. Kennedy, why cannot Cuba?

Next, we help Cuba in the United Nations. Assistant Secretary of State Harlan Cleveland recently testified before a Senate subcommittee that the State Department had diverted other funds to pay delinquencies in the U.N. for several Iron Curtain countries—including Cuba. Moreover, through the abused machinery of the U.N.'s world health organization in Geneva, we have paid Russia for trucks and jeeps to send to Castro.

Lastly, we help Cuba mightily by having a policy that is no policy at all. Admittedly, enemy rocket sites are available there from which to reach Miami, Cape Canaveral, and even Washington (only 1,139 miles), New York (1,317), Boston (1,601), Chicago (1,333), Kansas City (1,497), Denver (1,819), Los Angeles-San Diego (2,299), and easily as fas as Seattle (2,843) on a pinpoint basis.

Why does the administration consistently pooh-pooh and soften the indications these rocket sites are being built? If you were Khrushchev, wouldn't you build them? Disliking the inevitable does not make it less inevitable.

We have a great U.S. naval base right on the island. Scores of Russian transports, loaded to the gunwales with "technicians" and military equipment, steam past it every week. In effect, Cuba has been invaded. If Mr. Kennedy cannot conveniently see that this is interference in our hemisphere by foreign powers, it is high time the American people forced a better policy than "let the dust settle."

Public Works Coordination and Acceleration Act

SPEECH

OF

HON. ROBERT R. BARRY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 29, 1962

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 10113) to establish an Office of Public Works Coordination and Acceleration, to authorize the preparation of a plan for acceleration of public works when necessary to avoid serious nationwide unemployment levels, and for other purposes.

Mr. BARRY. Mr. Chairman, because this bill cannot achieve its alleged objective, although from the point of view of the White House it is more politically desirable than legislatively prudent, I shall vote against it.

This bill purports to solve, or at least to appreciably dent, the unemployment problem. However, in testimony before the Public Works Committee which unearthed the facts only about 125,000 people could be employed for 2 years if the bill passed. This represents a scant 3 percent of the almost 4 million people unemployed as of May.

Figures listed in the committee's report further reveal that $2,688 million of unobligated funds have not been used by the administration, so to add $900 million more of unobligated funds would be an extravagance, especially when we are facing a $7 to $10 billion deficit for fiscal 1962. For this to come at a time when our national debt has exceeded the $300 billion mark is wasteful pork-barreling. Foolish spending must cease and Congress should take the initiative.

The bill would create a czar of public works in a new agency, who would have the authority to subvert and distort defined lines of programs, already in operation, thus contributing more havoc to

an already confused administration. This new agency could wield vast power by controlling projects now under the Area Redevelopment Agency, Corps of Engineers, and Bureau of Reclamation to name only a few. Of even greater importance, this czar would have the power, now reserved to Congress, to review item by item, specific appropriations for public work projects. To abdicate this authority to an all-powerful executive would reduce Congress to a rubberstamp.

In the final analysis, Mr. Chairman, this bill provides a very powerful political weapon in the hands of the executive branch. Since past behavior is indicative of future action, it will almost certainly be used as the proverbial carrot in attempts to swing reluctant Members to the administration's point of view. In the past year we felt the pressures of such lobbying, therefore, it would, in my opinion, be most unwise to increase these opportunities for the executive to carry the big stick.

This is poor legislation and it should be defeated.

Qualifications of Electors

SPEECH

OF

HON. W. J. BRYAN DORN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 27, 1962

Mr. DORN. Mr. Speaker, the States in substance existed before the Central Government. Our Federal Government is a creature of the States. The power, insuring the effective operation of each within its respective sphere, is vested in the Constitution. In the Constitution, powers are delegated to each in order to maintain a division and proper balance, with the States enjoying as inherent those powers not specifically delegated. The States, thus ultimately the people, must be allowed to preserve their constitutional rights and powers, both granted and residual.

Since the States have been guaranteed by the Constitution the privilege of deciding upon the manner and method of conducting their elections, there is no need for this amendment. It would be an imposition for the Federal Government to presume to dictate to the States how they must operate their elections. This coercion of the States by its own creation is a direct invasion of States rights.

There is no justification for this amendment as only five States now retain the poll tax as a requirement for vote. My own State of South Carolina long ago did away with the poll tax as a prerequisite for voting. In the States that do require poll tax, the token remittance ranges from $1 to $2, the receipts in most cases being used for education and other citizen benefits. Upon the basis of this evidence, a claim of the use of poll tax as an implement of discrimination is invalid and not worth consideration. The adoption of this amendment would, in truth, be a manifestation of the power highly organized and well-financed pressure groups can bring to bear upon the people of the United States. I believe each State should be free to make this decision with regard to the criteria for voting, being governed by the desires of its citizens.

The adoption of this amendment would have far-reaching effects, setting a dangerous precedent. It is a step toward complete Federal control of elections on the State and local levels. This is just another among the long list of incidents of the continuing centralization of the Federal Government at the expense of the State and local governments and ultimately the citizen.

This amendment would be another weight upon one side of the already unequal balance which controls the constitutional division of power. This easy amendment of our Constitution would lead to further encroachment of this one division, the Federal Government, upon the rights included in the realm of the other, the State governments. The final burden of these limitations will be borne by the people.

The powerful pressure groups and minorities forcing this unnecessary amendment through the Congress will, with its adoption, grow more bold, arrogant, and demanding. They cannot and will not cease their agitation until they establish a dictatorship over the majority or until representative government is destroyed and elections become a Federal fraud.

The States and the people at the local level have been doing a magnificent job in this field—they need to be complimented and encouraged. This amendment is not needed. It is a reflection on the fine job done by the States. It is desperately sought by the pressure groups so as to claim for themselves and the Federal Government credit for something that has already been done by the States and the people. This amendment is a fraud and a waste of the time of the Congress.

Experiment Station Research Facilities

SPEECH

OF

HON. ALEXANDER PIRNIE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 30, 1962

Mr. PIRNIE. Mr. Speaker, I wish to record my support of H.R. 12712 authorizing Federal matching funds for agricultural experiment station research facilities. Agricultural research has been a significant factor in making American agriculture the most efficient and productive in the world. This legislation will promote continued progress by assuring sound financing of needed physical facilities to house this activity.

Farmers, business, and consumers have benefited greatly from the work conducted at land-grant colleges—such as my own alma mater, Cornell University. The technical knowledge gained has led to improved quality and new uses for American food and fiber. New markets for farmers and businessmen and lower cost for consumers have resulted. It is heartening to note the widespread bipartisan interest and support of this worthy legislation.

Anniversary of Attack on Poland

EXTENSION OF REMARKS

OF

HON. F. BRADFORD MORSE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 31, 1962

Mr. MORSE. Mr. Speaker, 23 years ago, September 1, 1939, Hitler sent his Nazi legions storming into Poland, thereby precipitating the greatest holocaust in the history of mankind. Outnumbered, lacking modern equipment, stabbed in the back by Stalin, the Polish people fought with their traditional bravery until crushed by the weight of superior forces. Who can forget the siege of Warsaw, where the loudspeakers blared defiance with Chopin's "Polonaise," while the Stuka dive bombers were pounding whole sections to rubble.

Since that dimly remembered date, 23 years ago, the Polish people have enjoyed only the briefest breath of freedom. Going back on their pledges at Yalta, the Russians never permitted free elections there, and by fraud, treachery, and intimidation the Communists gained control of the country. But they have never been accepted by the people of Poland, and it is safe to say that even today, after 15 years of Communist rule, Polish hearts are with the West.

Every correspondent who files a story about Poland notes the thirst for things Western, and Poland's conviction that she is of the West. The true feelings of the Polish people for America, regardless of what their Communist masters tell them, has been abundantly demonstrated over the years.

There is a tragic lesson for us in the rape of Poland, for Nazi Germany could have been stopped in her tracks in the thirties, if the powers of Europe had been firm with Hitler when he first violated the Treaty of Versailles. Instead, the powers temporized. The result was to encourage Hitler to continue to build up his forces and defy the existing order in Europe.

Need I point out the moral? Appeasement breeds war, it is as simple as that. Yielding to the bullying and blustering of Khrushchev today would be as fatal for us as yielding to the ranting of Hitler was for the European powers in another generation. Let us never forget the lesson of Poland, and let us continue to encourage ties of friendship and understanding with the courageous Polish people. They will one day again breathe the air of freedom.

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

Issued Sept. 5, 1962
For actions of Sept. 4, 1962
87th-2d, No. 158

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HIGHLIGHTS: Senate committee voted to report roads bill. Senate committee voted to approve House amendments to public works acceleration bill. Sen. Bartlett urged greater fire protection for forest lands. Sen. Wiley commended cheese industry. Rep. Lindsay urged greater protection against radioactive contamination of food.

HOUSE

1. FORESTRY. Passed without amendment S. 1878, to add certain lands to the Wasatch National Forest, Utah. A similar bill, H. R. 7195, was laid on the table. This bill will now be sent to the President. p. 17323

2. FARM PROGRAM. The "Daily Digest" for Aug. 31 states, "Conferees, met in executive session to resolve the differences between the Senate-and House-passed versions of H. R. 12391, proposed Food and Agriculture Act of 1962, but did not reach final agreement, and will meet again on Monday, September 10." p. D799

3. SAMOA. Both Houses agreed to without amendment H. Con. Res. 519, requesting the President to return H. R. 10062, to extend the application of certain laws to American Samoa, in order to allow the Clerk of the House to correct the enrollment. pp. 17320, 17399

4. AWARDS. Reps. Gross, Ray, and Ford objected to consideration of H. R. 4055, to authorize the payment of a monetary award to recipients of the National Medal of Science. This bill was stricken from the Consent Calendar. p. 17323

5. VETERANS. At the request of Rep. Weaver, passed over without prejudice H. R. 9962, to provide an extension of the period within which certain educational programs must be begun and completed in the case of persons called to active duty during the Berlin crisis. p. 17324

6. RESERVOIRS. Passed without amendment H. R. 11799, defining the interest of local public agencies in water reservoirs constructed by the Government which have been financed partially by such agencies. p. 17326

7. PERSONNEL. Passed as reported H. R. 2079, to amend the Classification Act of 1949 to authorize the establishment of hazardous-duty pay in certain cases. pp. 17326-7

8. RADIOACTIVE CONTAMINATION. Rep. Lindsay urged a stepped-up program of effective countermeasures to combat radioactive contamination and said, "I think that a thorough public congressional investigation may be in order to determine how much cooperation between Federal and State health programs exists at the present time." pp. 17338-44

9. PARKS. The Subcommittee on National Parks of the Interior and Insular Affairs Committee voted to report to the full committee with amendment H. R. 11781, to redesignate the Big Hole Battlefield National Monument and to revise the boundaries thereof. p. D804

SENATE

10. ROADS. The Public Works Committee voted to report with amendments (but did not actually report) H. R. 12135, the proposed Federal-Aid Highway Act of 1962 which includes authorizations for forest highways and forest development roads and trails. p. D802

11. PUBLIC WORKS. The Public Works Committee voted to rereport (but did not actually report) S. 2965, the public works acceleration bill. The "Daily Digest" states that the committee "agreed to recommend that the Senate agree to the House amendment to S. 2965" (p. D802). This bill, as passed by the House, had been referred to the committee earlier in the day (p. 17349).

12. TAXATION. Continued debate on H. R. 10650, the proposed Revenue Act of 1962 (pp. 17349-50, 17361-415, 17420-1). By a vote of 16 to 49, rejected an amendment by Sen. Proxmire to eliminate public utilities from the investment credit provisions provided in the bill (pp. 17365-96).

13. FORESTRY. Sen. Bartlett discussed the danger of forest fires to our timber resources, reviewed the progress made in the control of forest fires, and stated that "it is necessary that the public lands receive the most intensive protection possible." pp. 17351-3

14. CHEESE. Sen. Wiley commended the domestic cheese industry, particularly for its development of American blue cheese which he stated "is today the most popular blue mold cheese in the country." pp. 17355-6

15. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 12870, the military construction appropriation bill for 1963 (S. Rept. 1994). p. 17349

16. FAIRS. Sen. Javits inserted a speech on plans for the N. Y. World's Fair in 1963-4, "The Biggest Box Office in History." pp. 17359-60

Senate

TUESDAY, SEPTEMBER 4, 1962

The Senate met at 10 o'clock a.m., and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, whose paths are mercy and truth, who knowest our down-sitting and our up-rising, and who understandeth, afar off, the thoughts of our hearts: At the beginning of another week, we pause in the busy rush of the legislative process, to ask that the deliberations of these hours may reflect the guidance of Thy Spirit.

When work, worry, and hopes deferred take their constant toll of our human resources, as laborers together with Thee, grant us, we implore, a sense of an untapped spiritual reservoir. Restore our souls with the joyous assurance of Thy salvation. Search us, O God, and know our hearts; try us, and know our thoughts, and see if there be any wicked or perverse way in us, for we would come to this high and holy hill of the people's weal with pure hearts and clean hands, not lifting up our souls unto vanity.

We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, August 31, 1962, was dispensed with.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, the following committees or subcommittees were authorized to meet during the session of the Senate today:

The Subcommittee on Patents, Trade Marks, and Copyrights of the Committee on the Judiciary.

The Committee on Post Office and Civil Service.

SUBCOMMITTEE MEETING DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Subcommittee on Labor of the Committee on Labor and Public Welfare may be permitted to sit during the session of the Senate tomorrow.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT ON CONSTRUCTION AT LANGLEY RESEARCH CENTER, HAMPTON, VA.

A letter from the Acting Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting pursuant to law, on the construction of a low frequency environmental noise facility at the Langley Research Center, Hampton, Va.; to the Committee on Aeronautical and Space Sciences.

REPORT ON MANGANESE

A letter from the Chairman, U.S. Tariff Commission, Washington, D.C., transmitting, pursuant to law, a report of that Commission's investigation concerning manganese (with an accompanying report); to the Committee on Finance.

PAYMENT OF CLAIM OF UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

A letter from the Under Secretary of the Navy, transmitting a draft of proposed legislation to authorize payment of a claim made by the Government of the United Kingdom of Great Britain and Northern Ireland (with an accompanying paper); to the Committee on Foreign Relations.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a report of the Archivist of the United States on a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. JOHNSTON and Mr. CARLSON members of the committee on the part of the Senate.

PETITION

The PRESIDENT pro tempore laid before the Senate a letter in the nature of a petition from the United States Army Mothers and Wives Club, of Burbank, Calif., signed by Melva Devine, president, relating to the reduction of airmail package rates to Army APO's, which was referred to the Committee on Post Office and Civil Service.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. STENNIS, from the Committee on Appropriations, with amendments:

H.R. 12870. An act making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes (Rept. No. 1994).

By Mr. MONRONEY, from the Committee on Commerce, with amendments:

S. 2773. A bill to amend section 503 of the Federal Aviation Act to provide substantive Federal law relating to the validity of conveyances which affect title to or interests in civil aircraft of the United States and related equipment (Rept. No. 1995).

BILL INTRODUCED

A bill was introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CHAVEZ:

S. 3692. A bill for the relief of Warena Allahverdi; to the Committee on the Judiciary.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF FEDERAL, STATE, AND LOCAL PUBLIC BODIES—REFERENCE OF HOUSE AMENDMENTS TO COMMITTEE ON PUBLIC WORKS

Mr. KERR. Mr. President, Senate bill 2965, entitled "An act to provide standby authority for accelerated Federal public works programs for the Federal Government and State and local public bodies," was passed by the Senate some months ago, and went to the House of Representatives. It has been returned to the Senate with amendments, and is on the Vice President's desk. I ask unanimous consent that the bill be immediately referred to the Committee on Public Works.

The PRESIDENT pro tempore. Without objection, it is so ordered.

REVENUE ACT OF 1962—AMENDMENTS

Mr. KERR. Mr. President, I submit amendments, intended to be proposed by me, to the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes. I ask that the amendments be printed and lie on the table. I ask unanimous consent that a statement in explanation of the amendments be printed in the RECORD.

The PRESIDENT pro tempore. The amendments will be received, printed, and will lie on the table; and, without objection, the statement will be printed in the RECORD.

The statement presented by Mr. KERR is as follows:

STATEMENT BY SENATOR KERR

I am submitting today several amendments to the foreign income provisions of H.R. 10650 as reported by the Committee on Finance. These changes are necessary to correct certain inequities and defects which

have been called to my attention since the bill was reported. The following is an explanation of the changes made by the amendments:

1. Earned income exclusion: One of the amendments would provide that the new earned income exclusion limitations of $20,000 and $35,000 for U.S. citizens residing abroad would apply to advance salaries paid before December 31, 1962, for services to be rendered after December 31, 1962. This is necessary in order to prevent evasion of the new law. For example, a highly paid employee, especially one who has a controlling stock ownership in the corporation for which he works, may be able to have his entire salary of $150,000 a year for the years 1963 and 1964 advanced to him before December 31, 1962. If these salaries were paid after December 31, 1962, under the new law the maximum amount which could be excluded for each of these 2 years because of foreign residence would be $35,000. Clearly, the same result should apply to the employee's salary for such years whether the salary is advanced to him prior to December 31, 1962, or paid to him after December 31, 1962.

2. Improvement of less-developed-country corporation exceptions: Another of the amendments would improve the exceptions available for less-developed-country corporations under section 9 ("gross-up"), section 12 (controlled foreign corporations), and section 15 (gain from certain sales or exchanges of stock in certain foreign corporations). Under the language of the bill as reported, the benefit of these exceptions would not be available to certain corporations even though they meet the income and asset requirements for a less-developed-country corporation merely because such corporations had their place of incorporation in a developed country. Under this amendment, corporations which meet the income and asset requirements for a less-developed-country corporation would not be technically disqualified merely because of their place of incorporation.

A related change in section 15 would make the exception for less-developed-country corporations available for the profits of those years in which a company qualified as a less-developed-country corporation even though the company did not qualify during all the years the stock was held.

Another change would also make the less-developed-country corporation exception to section 15 available for the profits of a holding company for less-developed-country corporations. This would conform these rules to the gross-up exception rules.

The amendments would also remove certain inequities and cure certain defects in the definition of qualified investments in less developed countries for purposes of section 12. Income from the investments described in section 955(b), even though constituting base company income, will not be taxed if reinvested in similar qualified investments in less developed countries. Under the bill one type of qualified investment is an obligation of a 10-percent owned less-developed-country corporation having a maturity of at least 5 years or more at the time of its acquisition. It has been called to my attention that this required period may be unduly long to accomplish the purpose of preventing very short-term loans from qualifying for the reinvestment deduction. The amendment would reduce this period to a 1-year requirement.

Under the bill, there is no holding period requirement with respect to qualified investments in less developed countries and it has been called to my attention that it is possible to acquire such investments at the close of a year and dispose of them immediately following the close of the year. The amendment would prevent the possibility of such sham investments by providing that otherwise qualified investments in less developed countries would not qualify if they were held for a period of less than 6 months.

A final related change in section 955(b)(3) would provide that an election to treat investments made after the close of the taxable year and on or before the close of the following taxable year (or such further period as allowed under regulations) shall be binding for future years. This amendment will require that a controlled foreign corporation elect to value its investments in less developed countries on a consistent annual basis and not have the opportunity to shift back and forth between differing valuation dates. This would conform the rules under this section to the rules in a similar provision relating to investments in export trade assets which is described below.

3. Time allowed under investment requirements for export trade companies: Another of the amendments would provide that export trade companies will have a full year, or such further time as may be granted by the Secretary or his delegate, in which to invest export trade profits in fixed export trade assets such as warehouses or equipment. Under the bill as reported, only 75 days after the close of a year is allowed for the making of such investments. Since the decision to acquire such fixed facilities often requires a substantial period of time and since the actual acquisition of such facilities will generally require further substantial periods of time, it is believed that this change is appropriate. Further, it conforms these rules to the reinvestment in less developed country rules.

4. Clarification of section 15 (liquidation of foreign corporations) to prevent its circumvention through interposition of holding company: Because the use of less developed country operations is permitted and because it is possible that, under some circumstances, the provisions of section 15 could be avoided for technical reasons simply through the interposition of a foreign or domestic holding company. The amendments would make it clear that where appropriate the new law would apply to gain attributable to the stock of foreign corporations irrespective of whether such stock were sold directly or whether stock of an intervening holding company were sold.

5. Clarification of business interest exceptions to section 10 (separate limitation on foreign tax credit with respect to certain interest income): Section 10 of the bill corrects certain inducements that now exist under the foreign tax credit mechanism for the movement of funds abroad to earn interest income. There is excepted from the section a number of normal business transactions giving rise to interest which are unrelated to the problem that the section is designed to correct. Among these exceptions are interest derived from any transaction which is directly related to the active conduct of a trade or business in a foreign country or possession of the United States. The amendments would make it clear that this exception also applies to interest derived from obligations received upon the sale or exchange of such a foreign trade or business.

Section 10 also has an exception for interest received from a corporation in which the U.S. taxpayer owns at least 10 percent of the voting stock. The amendments would make it clear that this exception also applies to interest received from obligations which were received as a result of the sale or exchange of securities in such a corporation.

Mr. KERR. Mr. President, I also submit an amendment to H.R. 10650, and ask that it be printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table.

Mr. KERR. Mr. President, this amendment to H.R. 10650 would change the special transitional loss—contained in new section 821(f)—in two ways. First, it would create the special loss carryforward only out of losses computed without regard to policyholder dividends. Secondly, the special loss carryforward could only be applied against statutory underwriting income rather than total taxable income.

Mr. CURTIS submitted an amendment, intended to be proposed by him, to House bill 10650, supra, which was ordered to lie on the table and to be printed.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. WILEY:

Statement prepared by himself on eight-point anti-Communist program.

By Mr. MUNDT:

Editorial entitled "NFO Has a Laudable Aim, But We Don't Believe Their Holding Action Will Work," published in the Sioux Falls (S. Dak.) Argus-Leader on August 30, 1962.

By Mr. WILLIAMS of New Jersey:

Resolution adopted by the Knights of Lithuania 49th annual convention, at Newark, N.J., relating to Captive Nations Week, and expressing hope to Lithuania's freedom.

The PRESIDENT pro tempore. Morning business is in order. If there is no further morning business to be submitted, morning business is closed.

REVENUE ACT OF 1962

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid down and be made the pending business.

The PRESIDENT pro tempore. Without objection, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 10650) to amend the Internal Revenue Code of 1954 to provide a credit for investment in certain depreciable property, to eliminate certain defects and inequities, and for other purposes.

GOLD MINING

Mr. BARTLETT. Mr. President, we like to build up the image of Uncle Sam as a kindly old gentleman, thoughtful and always helpful and considerate of his own people. This gives us a feeling of well-being, of satisfaction, and probably of self-contentment.

Mr. President, I do not propose to poll the goldmining industry in order to discover what the image of Uncle Sam is among employers and miners. I am rather sure I know the result beforehand. I fear that the image would be found to be somewhat tarnished.

If so, Mr. President, that would be understandable, for I do not know of any other group of people in the entire history of the United States who have been

Daily Digest

HIGHLIGHTS

Senate worked on tax bill.

House passed 43 sundry bills.

Senate committees approved military construction appropriations and aid to highways bill.

See Résumé of Congressional Activity.

Senate

Chamber Action

Routine Proceedings, pages 17349–17350

Bill Introduced: 1 bill was introduced, as follows: S. 3692. Page 17349

Bills Reported: Reports were made as follows:

H.R. 12870, fiscal 1963 appropriations for military construction, with amendments (S. Rept. 1994); and

S. 2773, to provide substantive Federal law relating to the validity of conveyances which affect title to or interests in civil aircraft of the U.S., with amendments (S. Rept. 1995). Page 17349

Correction: Armed Services: Page D797 of the DAILY DIGEST of Friday, August 31, indicates that the following bill was passed without amendment and cleared for President, but the bill was passed over and so remained on the calendar: H.R. 11217, requiring forfeiture of retired pay if a retired officer of the Navy or Marine Corps engages in selling to the Department of Defense within 3 years from retirement.

Private Bill: Senate reconsidered its action of August 31, 1962, in passing H.R. 9589, private bill, and the bill was then indefinitely postponed. Page 17362

Standby Public Works: S. 2965, to provide standby authority to accelerate public works programs, was received from House as amended and, by unanimous consent, was referred to Committee on Public Works. Page 17349

Iranian Earthquake: Senate concurred in and completed legislative action on H. Con. Res. 518, extending the sympathy of the United States to the people of Iran on their losses and suffering due to the recent earthquake. Page 17399

American Samoa: Legislative action was completed on H. Con. Res. 519, requesting the President to return to the House the bill H.R. 10062, to extend the application of certain laws to American Samoa, when Senate concurred therein. Page 17399

Authority to Meet: Committee on Agriculture and Forestry and the Subcommittee on Labor of the Committee on Labor and Public Welfare were authorized to meet while Senate is in session on Wednesday, September 5. Pages 17349, 17399

Taxation: Senate worked on H.R. 10650, proposed Revenue Act of 1962, taking the following actions on additional amendments:

Adopted: Modified Dirksen amendment to exempt those over 65 from tax on profits from sale of residence at less than $30,000; Dirksen amendment to allow income tax deduction for contribution to certain nonprofit organizations (motion to reconsider tabled); by 40 yeas to 29 nays (motion to reconsider tabled), Cooper amendment (to Douglas amendment to bar deductions for appearances with respect to legislation, which Douglas amendment was later rejected) to eliminate the language in the bill that would allow deductions of business expenses in direct connection with communication of information between taxpayer and an employee or stockholder with respect to legislation of direct interest to the taxpayer; and McCarthy amendment to change definition of "indemnity loss" of a mutual insurance company; and

Rejected: By 16 yeas to 49 nays (motion to reconsider tabled), Proxmire amendments respecting investment tax credit on public utilities; by 27 yeas to 38 nays (motion to reconsider tabled), Proxmire amendment to allow 3 percent investment credit instead of 7 percent for property used in furnishing or selling gas by pipeline as a public utility; Gore amendment to limit deductions for entertainment expenses to those directly connected with taxpayer's business rather than those associated with it (motion to reconsider tabled); and by 13 yeas to 51 nays (motion to reconsider tabled), Douglas amendment (as

amended by Cooper amendment above), to eliminate section allowing deductions for business expenses in connection with appearances with respect to legislation.

Pages 17350, 17361–17415, 17420–17421

Correction: DAILY DIGEST of Thursday, August 30, page D789, stated that all remaining committee amendments were adopted. Actually, however, Senate rejected a committee amendment making a technical change of effective date as to inclusion of foreign real property in estate tax base in certain cases.

Record Votes: Four record votes were taken today.

Pages 17396, 17400, 17412, 17414

Quorum Calls: Two quorum calls were taken today.

Pages 17362, 17394

Program for Wednesday: Senate met at 10 a.m. and adjourned at 5:36 p.m. until 10 a.m. Wednesday, September 5, when it will continue on H.R. 10650, proposed Revenue Act of 1962. Pages 17362, 17421

Committee Meetings

(*Committees not listed did not meet*)

APPROPRIATIONS—MILITARY CONSTRUCTION

Committee on Appropriations: Committee, in executive session, marked up and ordered favorably reported with amendments H.R. 12870, fiscal 1963 appropriations for military construction. As approved by the committee, the bill would provide a total of $1,349,611,000, a decrease of $20,130,000 from the House-passed figure of $1,369,741,000.

PATENT MATTERS

Committee on the Judiciary: Subcommittee on Patents, Trademarks, and Copyrights held hearings on the following bills:

S. 2225, to fix the fees payable to the Patent Office, with testimony from David L. Ladd, Commissioner of Patents; John W. Anderson, president, National Patent Council; Fritz G. Lanham, former Congressman from Texas, who represented the National Patent Council; Ralph D. Blakeslee, who represented the Patent Office Society; William E. Schuyler, Jr., chairman, Section of Patent, Trademark, and Copyright Law, American Bar Association; Edward F. McKie, Jr., who represented the American Patent Law Association; and Franz O. Ohlson, Jr., who represented Aerospace Industries Association of America;

S. 2639, relating to the oath of applicant for patent, and verification by the applicant of application for trademark registration, with testimony from David L. Ladd; and William E. Schuyler, Jr.; and

H.R. 12513, to provide for public notice of settlements in patent interferences, with testimony from Senator Kefauver; David L. Ladd; and T. Hayward Brown, Chief of Patent Section, Civil Division, Department of Justice.

POSTAL RATES

Committee on Post Office and Civil Works: Committee continued its executive consideration of H.R. 7927, proposed Postal Revision Act of 1962, and tentatively approved provisions in the bill relating to first- and second-class postal rates.

Committee will resume consideration of this bill on Thursday, September 6.

HIGHWAYS, AND PUBLIC WORKS ACCELERATION

Committee on Public Works: Committee, in executive session, ordered favorably reported with amendments H.R. 12135, proposed Federal-Aid Highway Act of 1962. Committee adopted the amendments recommended by its Subcommittee on Public Roads with the following exception: Increase funds authorized for public lands highways for fiscal year 1963 by $6 million, and from $3 million to $9 million for each of fiscal years 1964 and 1965, a total of $18 million.

Also, committee agreed to recommend that the Senate agree to the House amendment to S. 2965, to provide standby authority to accelerate public works programs, and ordered the bill rereported to the Senate.

House of Representatives

Chamber Action

Bills Introduced: 3 public bills, H.R. 13052–13054; 5 private bills, H.R. 13055–13059; and 4 resolutions, H.J. Res. 874, H. Con. Res. 518 and 519, and H. Res. 794, were introduced. Pages 17320, 17348

Bills Reported: Reports were filed as follows:

H.R. 10080, relating to contributions to certain organizations for judicial reform, amended (H. Rept. 2322);

H.R. 10620, to modify the maximum limitations on the amount allowable as a deduction for medical, dental, etc., expenses, amended (H. Rept. 2323); and

H.R. 12038, to establish in the Library of Congress a library of musical scores and other instructional materials to further educational, vocational, and cultural opportunities in the field of music for blind persons (H. Rept. 2324). Page 17347

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

Issued Sept. 10, 1962
For actions of Sept. 7, 1962
87th-2d, No. 161

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HIGHLIGHTS: Senate committee reported bills for revised apportionment of school lunch and extension work funds, expanded forestry research, land development program in Alaska, and cooperation with States in administration of agricultural laws. Senate debated public works acceleration bill. Sen. Tower commended Sen. Mundt's role in Estes investigation. Sen. Humphrey commended shipment of surplus food to Iran.

SENATE

1. THE AGRICULTURE AND FORESTRY COMMITTEE reported the following bills: p. 17722

H. R. 9728, without amendment, to amend the Cooperative Forest Management Act so as to increase the appropriation authorization from $2.5 million to $5 million (S. Rept. 2012).

H. R. 12688, with amendments, to authorize the Secretary of Agriculture to encourage and assist the States in carrying on a program of forestry research (S. Rept. 2013).

S. 3589, without amendment, to authorize the Secretary of Agriculture to acquire certain lands in Wright Co., Minn., and exchange them with Minn. for State-owned lands in the Superior National Forest (S. Rept. 2017).

S. 3475, without amendment, to provide further for cooperation with States in the administration and enforcement of certain laws relating to agriculture (S. Rept. 2018).

S. 2805, without amendment, to provide assistance for a program of agricultural land development in Alaska (S. Rept. 2014).

H. R. 11665, with amendments, to revise the formula for apportioning cash assistance funds among the States under the School Lunch Act (S. Rept. 2016).

H.R. 12589, without amendment, to revise the formula for the distribution of any additional Federal funds for agricultural extension work and to provide for quarterly (rather than annual) payments to States for extension work (S. Rept. 2015).

2. PUBLIC WORKS. Began consideration of the House amendments to S. 2965, the public works acceleration bill. pp. 17775-9, 17783-7

Sens. Cooper and Miller submitted amendments intended to be proposed to this bill, S. 2965. p. ~~17723~~, 17783-7

3. ESTES INVESTIGATION. Sen. Tower commended Sen. Mundt's role in the investigation of the Estes and other cases and inserted an article, "Mundt Sorts Good and Bad Guys." pp. 17729-30

4. FORESTRY. Sen. Yarborough urged greater use of public lands, including forest lands, for hunting, fishing, and other forms of recreation, and inserted an article, "Public Hunting in America." pp. 17757-60

Sen. Morse stated that "great savings can be achieved in school construction" through the use of wood and urged greater use of timber for this purpose. pp. 17779-81

5. PERSONNEL. At the request of Sen. Russell, a Defense Department proposal to exempt certain Reserve officers of the Army or Air Force from the dual compensation restrictions of the Economy Act was rereferred from the Armed Services Committee to the Post Office and Civil Service Committee. p. 17723

6. FOREIGN AFFAIRS. Sen. Smith, Maine, inserted a thesis, "The United States Versus the Sino-Soviet Bloc in Latin America," including a discussion of economic aid and foreign trade programs. pp. 17723-9

7. ALASKA. Sen. Gruening inserted an article, "Alaska: Last Frontier," including a discussion of the natural resources of Alaska. pp. 17739-42

Sen. Gruening praised the Matanuska Valley in Alaska as "the backbone of the State's agricultural economy," and inserted an editorial, "They Tamed the Wilds to Make a Farmland." pp. 17796-7

8. MILITARY CONSTRUCTION APPROPRIATION BILL, 1963. Passed as reported this bill, H. R. 12870. Conferees were appointed. pp. 17760-72

9. LAND: Passed with amendment H. R. 8355, to authorize executive agencies to grant easements in, over, or upon real property of the U. S. under the control of such agencies. pp. 17774-5

10. TRANSPORTATION. Sen. Mundt criticized a strike by the Railway Telegraphers against the Chicago & North Western Railroad and inserted an article stating the strike was holding up grain shipments. pp. 17788-91

11. COPYRIGHTS. Passed without amendment H. J. Res. 627, extending the duration of copyright protection in certain cases. This bill will now be sent to the President. p. 17792

12. SURPLUS FOOD. Sen. Humphrey commended Government action to give surplus food to Iran following the recent earthquake disaster. pp. 17792-3

13. ELECTRIFICATION. Sen. Gruening urged Congressional approval of the Rampart Dam in Alaska and inserted an editorial, "Rampart: An Essential of the Moment." pp. 17797-8

Mr. COOPER. Mr. President, on behalf of the Senator from Oklahoma [Mr. KERR] and myself, I offer an amendment to the committee amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, beginning with line 18, through line 3 on page 4, in lieu of the matter proposed to be stricken by the committee amendment insert the following:

(d) The term "real property of the United States" excludes the public lands (including minerals, vegetative and other resources) in the United States, including lands reserved or dedicated for national forest purposes, lands administered or supervised by the Secretary of the Interior in accordance with the Act of August 25, 1916 (39 Stat. 535), as amended and supplemented, Indian-owned trust and restricted lands, and lands acquired by the United States primarily for fish and wildlife conservation purposes and administered by the Secretary of the Interior, lands withdrawn from the public domain primarily under the jurisdiction of the Secretary of the Interior, and lands acquired for national forest purposes.

Mr. METCALF. Mr. President, I have objected to the passage of the bill, which would give blanket authority to the secretaries of various agencies to pass across public lands, although, with our many millions of acres of public lands, I recognize the need for general authority to give a right-of-way to people in the more complex situations that we have today. I would still object to the bill if it were not for the amendment of the Senator from Kentucky, because it seems to me that Congress has a special trust relationship for the lands of national parks and the wildlife refuges which are administered by the Secretary of the Interior. We would be very much opposed to the bill if it were not for the amendment offered by the Senator from Kentucky. It is only because of my recognition of the need for greater flexibility and latitude in acquiring these rights-of-way across larger public lands that I reluctantly acquiesced to the bill with the amendment. But I am sure with my remarks the responsibilities of the secretaries will be carried out and the rights of the public protected.

Mr. COOPER. I appreciate the remarks of the Senator from Montana.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky to the committee amendment.

The amendment to the amendment was agreed to.

The committee amendment, as amended, was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 86) favoring the suspension of deportation of certain aliens, which were, on page 3, strike out line 25, and insert "A-5782421, Sedwick, William Anton;"; on page 4, strike out line 6; on page 4, strike out line 12; on page 4, strike out line 16; on page 5, line 2, after "months", insert "pursuant to section 19(c) of the Act of February 5, 1917, as amended (8 U.S.C. 155(c))", and on page 5, after line 4, insert:

SEC. 4. The Congress approves the granting of the status of permanent residence in the case of each alien hereinafter named, in which case the Attorney General has determined that such alien is qualified under the provisions of section 6 of the Refugee Relief Act of 1953, as amended (67 Stat. 403, 68 Stat. 1044):

Mr. MANSFIELD. I move that the Senate concur in the amendments of the House.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

THE NOMINATION OF THURGOOD MARSHALL

Mr. HART. Mr. President, earlier today announcement was made that the Committee on the Judiciary had acted favorably on the nomination of Judge Thurgood Marshall to be a judge of the Second Circuit Court of Appeals. I wonder whether the distinguished majority leader would indicate to those of us who are interested—and I assume that is the full membership of the Senate—what his schedule might be with respect to the nomination. I appreciate the fact that the formal report of the committee has not been received, but action was nonetheless taken this morning in committee.

Mr. MANSFIELD. I believe that the Judiciary Committee should have ample time to complete its reports, both majority and minority—and I assume there will be minority views filed. It is the hope of the leadership—and this is tentative—that we will be able to take up the nomination of Judge Thurgood Marshall for consideration and debate in the Senate by Tuesday next. I would say, however, that that is tentative, and I know that the Senator will allow the leadership a little leeway, but I hope that the leadership will be able to call it up by Tuesday next if the reports of the committee are ready by that time.

Mr. HART. I appreciate very much the expression of the majority leader. A great deal of the credit for the action is due the leadership. If circumstances develop which should set the matter back by a day or two after Tuesday, that will be understandable. The position taken by the leadership in support of the nomination I am sure was an important factor in the action of the committee.

Mr. MANSFIELD. I thank the Senator. The leadership on the other side was very cooperative.

Mr. KEATING. Mr. President, I wish to add one comment. It would have been well nigh impossible to approve the nomination had it not been for the help extended by the majority leader and the minority leader. I express my thanks to them.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF FEDERAL, STATE, AND LOCAL PUBLIC BODIES

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State, and local public bodies, which were, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Public Works Acceleration Act".

SEC. 2. (a) The Congress finds that (1) certain communities and areas in the Nation are presently burdened by substantial unemployment and underemployment and have failed to share fully in the economic gains of the recovery from the recession of 1960–1961 and (2) action by the Federal Government is necessary, both to provide immediate useful work for the unemployed and underemployed in these communities and to help these communities, through improvement of their facilities, to become more conducive to industrial development and better places in which to live and work. The Nation has a backlog of needed public projects, and an acceleration of these projects now will not only increase employment at a time when jobs are urgently required but will also meet longstanding public needs, improve community services, and enhance the health and welfare of citizens of the Nation.

(b) The Congress further finds that Federal assistance to stimulate public works investment in order to increase employment opportunities is most urgently needed in those areas, both urban and rural, which qualify as redevelopment areas because they suffer from persistent and chronic unemployment and economic underdevelopment, as well as in other areas which have suffered from substantial unemployment for a period of at least twelve months.

SEC. 3. (a) For the purposes of this section the term "eligible area" means—

(1) those areas which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least nine of the preceding twelve months; and

(2) those areas which are designated by the Secretary of Commerce under subsections (a) and (b) of section 5 of the Area Redevelopment Act as "redevelopment areas".

(b) The President is authorized to initiate and accelerate in eligible areas those Federal public works projects which have been authorized by Congress, and those public works projects of States and local governments for which Federal financial assistance is authorized under provisions of law other than this Act, by allocating funds appropriated to carry out this section—

(1) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the construction of Federal public works projects, and

(2) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of laws authorizing Federal financial assistance to public works projects of States and local governments.

(c) All grants-in-aid made from allocations made by the President under this section shall be made by the head of the department, agency, or instrumentality of the Federal Government administering the law authorizing such grants, and, except as otherwise provided in this subsection, shall be made in accordance with all of the provisions of such law except (1) provisions requiring allocation of funds among the States, and (2) limitations upon the total amount of such grants for any period. Not-

withstanding any provision of such law requiring the Federal contribution to the State or local government involved to be less than a fixed portion of the cost of a project, grants-in-aid may be made under authority of this section which bring the total of all Federal contributions to such project up to 50 per centum of the cost of such project, or up to 75 per centum of the cost of such project if the State or local government does not have economic and financial capacity to assume all of the additional financial obligations required.

(d) There is hereby authorized to be appropriated not to exceed $900,000,000 to be allocated by the President in accordance with subsection (b) of this section, except that not less than $300,000,000 shall be allocated for public works projects in areas designated by the Secretary of Commerce as redevelopment areas under subsection (b) of section 5 of the Area Redevelopment Act.

(e) The President shall prescribe rules, regulations, and procedures to carry out this section which will assure that adequate consideration is given to the relative needs of eligible areas. In prescribing such rules, regulations, and procedures the President shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment and (2) the income levels of families and the extent of underemployment in eligible areas.

(f) Funds allocated by the President under this section shall be available only for projects—

(1) which can be initiated or accelerated within a reasonably short period of time;

(2) which will meet an essential public need;

(3) a substantial portion of which can be completed within twelve months after initiation or acceleration;

(4) which will contribute significantly to the reduction of local unemployment;

(5) which are not inconsistent with locally approved comprehsive plans for the jurisdiction affected, wherever such plans exist.

(g) Not more than 10 per centum of all amounts allocated by the President under this section shall be made available for public works projects within any one State.

(h) The criteria to be used by the Secretary of Labor in determining areas of substantial unemployment for the purposes of paragraph (1) of subsection (a) of this section shall be the criteria established in section 6.3 of title 29 of the Code of Federal Regulations as in effect May 1, 1962.

SEC. 4. (a) No part of any allocation made by the President under this Act shall be made available during any fiscal year to any State or local government for any public works project, unless the proposed or planned total expenditure (exclusive of Federal funds) of such State or local government during such fiscal year for all its capital improvement projects is increased by an amount approximately equal to the non-Federal funds required to be made available for such public works project.

(b) No part of any allocation made by the President under this Act shall be made available for any planning or construction, directly or indirectly, of any school or other educational facility.

SEC. 5. (a) Paragraph (4) of subsection (b) of section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to any financial assistance to be extended under subsection (a) of this section for the purpose of financing any project for public works or facilities to be initiated or accelerated as the result of a grant-in-aid from an allocation made by the President under section 9 of the Public Works Acceleration Act."

(b) Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new subsection:

"(e) The Administrator is authorized to make a grant-in-aid from any allocation made for such purpose by the President under section 9 of the Public Works Acceleration Act to any public entity described in clause (1) of subsection (a) of this section of not to exceed 50 per centum of the cost of construction of any project for public works or facilities, if such project would be eligible (without regard to the restrictions and limitations of subsections (b) and (c) of this section) for financial assistance under clause (1) of subsection (a) of this section in accordance with the rules and regulations of the Administrator (as in effect on the date of enactment of this subsection) relating to the types of public works and facilities to which such assistance may be extended."

SEC. 6. Section 702 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding any other provision of this section no advance made under this section for the planning of any public works project shall be required to be repaid if construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act."

And to amend the title so as to read: "An Act to provide authority to accelerate public works programs by the Federal Government and State and local bodies."

Mr. COOPER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COOPER. Does an amendment to amend the bill take precedence over the amendments which the Senator from Oklahoma has offered?

The PRESIDING OFFICER. The precedence of motions on the Senate bill amended by the House is in the following order:

First. Refer amendment to standing committee. That has been done.

Second. Amend the amendment.

Third. Agree to the amendment.

Fourth. Disagree and ask conference.

Mr. COOPER. I take it that an amendment is in order.

The PRESIDING OFFICER. The Senator is correct.

Mr. COOPER. I send the amendment to the desk.

The clerk will state the amendment offered by the Senator from Kentucky.

The LEGISLATIVE CLERK. On page 6, lines 12 and 19, strike out "section 9" and insert "section 3".

THE SITUATION IN CUBA

Mr. MANSFIELD. Mr. President, according to press reports, the Republican leadership contemplates introducing a "Formosa resolution," on Cuba. Formosa is 9,000 miles away. Cuba is 90 miles away. The problem in Formosa was to keep a remote area out of hostile hands. The problem in Cuba is that it is a neighborly land which has been in hostile hands since the years of the Eisenhower administration and which we need to try to get back among the good neighbors of the Western Hemisphere.

A resolution authorizing the President to use armed forces against Cuba in present circumstances seems to imply a military attack—an aggressive act, a warlike act against the island, with American troops. What else can it imply? Thousands of Cubans would die in such an attack and untold numbers of Americans. Is that what is wanted? In the case of Formosa, the resolution had only defensive connotations. If a resolution on Cuba is going to be couched in the same framework as the Formosan resolution, if it is going to be "like a Formosa resolution," it would be necessary to say that Congress authorizes the President to use the Armed Forces to defend the United States against an attack by Cuba.

Does the Congress think the President needs to be reminded by congressional resolution to defend the United States against a military attack from Cuba?

Actually, a resolution by Congress was hardly necessary to authorize President Eisenhower to use Armed Forces to defend Formosa. The United States had legal responsibilities and commitments remaining from World War II. The President has constitutional power to command the Armed Forces. Many Members voted for the Formosa resolution because President Eisenhower appeared to be uncertain of the constitutional authority. Democrats were glad to give him the support he felt he needed.

President Kennedy is not uncertain of his responsibilities under the Constitution and has not asked Congress to uphold his hand. If he feels that need, there is no doubt that he will ask for a resolution, and I have no doubt that the Congress will give it to him.

A resolution of the Formosa type on the Cuba situation, however well intentioned, and I have no doubt this proposal is well intentioned, might serve to confuse the President's authority in the conduct of a most delicate aspect of our foreign relations which has ramifications far beyond Cuba—in all of Latin America, in Europe, and in Asia, and elsewhere as well.

If the Congress wishes to help in this situation and to make certain that it will not precipitate the loss of untold numbers of American lives in an invasion of Cuba, then, perhaps, the best thing it can do is to consider a resolution which will make no reference to the use of the Armed Forces which the President is already empowered to use under the Constitution to defend the United States and to carry out its legitimate obligations. Rather, if we do consider a resolution, it might be best to confine it to a condemnation of recent trends in Cuba and an expression of support for the President in this most difficult situation which he inherited when he took office and a proposal for a study of the situation by the Foreign Relations Committee as the able members of that committee see fit to study it with a view to bringing Cuba back into the inter-American system of friendly neighbors. A resolution along these lines would supplement the very able straightforward

statement which the President made on September 5 and to the bipartisan leadership of both Houses the evening before. The Senate will recall that in that statement the President gave the American people a great deal of pertinent information on the developments in Cuba. He made clear that he would take the necessary measures to prevent Cuban aggression from spilling over into the rest of the hemisphere. And he made that statement, I repeat, after consulting with the leaders on both sides of the aisle.

The Cuban situation is a foreign policy responsibility at this point. It is not the constitutional course, it is not the responsible course, to authorize the President to do by congressional resolution what he is already authorized to do—to command the Armed Forces of the United States and to conduct its foreign relations. It is a course which might jeopardize the peace and security of the United States. May I say that all Americans recognize the seriousness of the situation in Cuba, and it is understandable that they would like to do something about it. The important thing, however, is not to give the appearance of doing something without actually doing something. The important thing is to avoid an irresponsible course of action which will not produce effective results.

Mr. SALTONSTALL. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield, if I have the time.

Mr. SALTONSTALL. I listened this morning to the discussions with relation to the proposal of a resolution by Congress. As I have listened to the Senator from Montana, I do not interpret the purpose of a resolution in the same way as he interprets it. I believe the purpose of a resolution by Congress at this time would be to show the people of the country and the people of the world that Members of Congress were behind the President in any firm action that he believed it was necessary to take in relation to Cuba for the security of our country.

Mr. MANSFIELD. I hope there has not been and is not now any doubt, so far as Congress is concerned, of standing behind the President in the crisis not only as it affects Cuba but also as it affects Berlin, which is perhaps more dangerous, and as it affects southeast Asia, and elsewhere. I am sure the Senator from Massachusetts would agree to that.

Mr. SALTONSTALL. I agree with the Senator from Montana. I believe the President now has asked Congress for the possible use, as standby, of the Reserve Forces, if it is necessary to use them.

Mr. MANSFIELD. Yes.

Mr. SALTONSTALL. So far as I am concerned, as a member of the Committee on Armed Services, I hope that we would give the President that authority, but that he would not find it necessary to call up the Reserves, but that he would have the backing of Congress if he did.

As I see it, the purpose of a resolution, if it were passed by Congress, would be to express just as clearly as we can that we would not be aggressive or take action that would lead to war or lead to unfortunate shooting or the advance of our troops, but that it would show just as clearly as we can show that the representatives of the people of the United States are behind the President in any firm action he might take with relation to Cuba or elsewhere in the world. That is how I would interpret the purpose of a resolution.

Mr. MANSFIELD. I am delighted with the explanation given by the distinguished Senator from Massachusetts.

Mr. SALTONSTALL. That is my personal feeling.

Mr. MANSFIELD. As one of the leaders of his party, the Senator from Massachusetts will recall that he has been at the White House on a dozen or a score of occasions when the President called the leadership of both Houses there to apprise them of the situation current at specific moments.

I point out that so far as the Formosa resolution was concerned—and the term as I saw it on the news ticker was like "a Formosa resolution" or like "the Formosa resolution"—that was something which, in my opinion, was not necessary at that time, because everything given to President Eisenhower under the Formosa resolution and everything given to President Eisenhower under the resolution covering the Middle East related to powers which the President already had and did not require authorization by Congress.

Mr. SALTONSTALL. The purpose of those resolutions, as I interpret them, was the same as the purpose for which the resolution is suggested now. As I said before, it would show the unity of the Representatives in Congress of the people of the United States.

Mr. MANSFIELD. I appreciate that comment. On those occasions, however, President Eisenhower asked for the resolutions. On this occasion, the President has not asked for such a resolution; but I am sure that if he ever thought it necessary, he would make a request for it; and if and when he does, I feel certain that Congress will wholeheartedly support him, regardless of party.

Mr. SALTONSTALL. I do not remember, but I will take the Senator's word for it, if he actually recalls that President Eisenhower asked for the resolutions. I think he may have said he would accept one, or words to that effect; but I do not think he asked for such a resolution.

Mr. MANSFIELD. The Senator from Massachusetts will recall that hearings were held jointly by the Committee on Foreign Relations and the Committee on Armed Services, whose chairmen, respectively, at that time, were the late Senator from Georgia, Mr. George, and the present distinguished senior Senator from Georgia [Mr. RUSSELL]. Secretary of State Dulles and others appeared before us when the meetings were held in the old Supreme Court chamber. That resolution was not initiated by Congress; it was initiated by the administration.

Mr. SALTONSTALL. I will accept the Senator's memory on that.

Mr. MANSFIELD. I may be wrong, but that is my recollection.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF FEDERAL, STATE, AND LOCAL PUBLIC BODIES

The Senate resumed the consideration of the amendments of the House of Representatives to its bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government, and State and local bodies.

Mr. KERR. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a summary of the Public Works Acceleration Act, S. 2965, as passed by the House.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF PUBLIC WORKS ACCELERATION ACT—(S. 2965 AS PASSED BY THE HOUSE)

S. 2965, as passed by the House would authorize an immediate $900 million public works program in those areas which are designated by the Secretary of Commerce under subsections (a) and (b) of section 5 of the Area Redevelopment Act as "redevelopment areas" and in those areas which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least 9 of the preceding 12 months. Of the $900 million authorized to be appropriated, $300 million would be reserved for allocation in areas designated under section 5(b) of the Area Redevelopment Act.

PUBLIC WORKS PROGRAMS AUTHORIZED

The President is authorized to initiate and accelerate in eligible areas those Federal public works projects which have been authorized by Congress, and those public works projects of State and local governments for which Federal financial assistance is authorized under provisions of law other than those contained in S. 2965. The President is authorized to allocate funds appropriated to the heads of departments and agencies of the Federal Government responsible for the construction of Federal public works projects, or for the administration of existing Federal grant-in-aid programs. Funds made available to accelerate work under existing Federal grant-in-aid programs are subject to all the provisions of law governing those programs except existing provisions requiring allocation of funds among the States and provisions limiting the total amount of grants for any period. Notwithstanding any limitation in existing grant-in-aid programs requiring a grant to be less than 50 percent of the cost of a project, grants may be made with funds provided by this bill which will bring the total of Federal contributions to the project up to 50 percent of the cost of such a project. In addition, if an applicant State or local government does not have economic and financial capacity to assume all of the additional financial obligations required, grants-in-aid may be made which bring the total of all Federal contributions for an eligible project undertaken by such applicant up to 75 percent of the cost of such project.

The President shall prescribe rules, regulations, and procedures which will assure

that adequate consideration is given to the relative needs of eligible areas. In prescribing these rules, regulations, and procedures the President shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment, and (2) the income levels of families and the extent of underemployment in eligible areas.

S. 2965, as passed by the House, authorizes the Housing and Home Finance Administrator to make a grant-in-aid, from any allocation made by the President for that purpose, to any public entity eligible for a loan under section 202(a)(1) of the Housing Amendments of 1955 (the public facility loans program). These grants could not exceed 50 percent of the cost of construction of an eligible project (75 percent in the case of an applicant State or local government which does not have economic and financial capacity to assume all of the additional financial obligations required). In addition, S. 2965, as passed by the House enables an applicant community (regardless of it size) to resort to the existing public facility loan program for a loan to finance any project for public works or facilities to be initiated or accelerated as a result of a grant-in-aid from an allocation made by the President under this bill.

RESTRICTIONS AND LIMITATIONS

Funds made available can be used only for projects which (1) can be initiated or accelerated within a reasonably short period of time, (2) will meet an essential public need, (3) will contribute significantly to the reduction of local unemployment, (4) are not inconsistent with locally approved comprehensive plans for the jurisdiction affected, wherever such plans exist, and (5) a substantial portion of which can be completed within 12 months after initiation or acceleration. No part of any allocation made by the President may be made available for any planning or construction, directly or indirectly, of any school or other educational facility.

Not more than 10 percent of funds allocated may be made available for public works projects in any one State.

Financial assistance provided under this act must produce a net increase in expenditures by the applicant for capital improvement projects approximately equal to the non-Federal funds required to be made available for the project.

ADVANCE PLANNING

S. 2965, as passed by the House would amend the public works planning program established by section 702 of the Housing Act of 1954 to waive repayment of a planning advance for any project, construction of which is initiated as a result of a grant made under this act.

Mr. KERR. Mr. President, this is an excellent bill. I hope it may be speedily passed by the Senate. I observe in the Chamber the distinguished chairman of our committee [Mr. CHAVEZ], who has done so much work on the bill. I am happy to pay tribute to him for his leadership of our committee, both in the preparation of the bill which was passed by the Senate some months ago and in the consideration of it as it was returned to us by the House.

The distinguished Senator from Kentucky [Mr. COOPER] has offered an amendment with reference to which it is the opinion of the Senator from Oklahoma that it is in connection with an error which, on the face of the language of the bill, is discernible as purely a technical error.

I refer to the remarks of the distinguished Member of the House from Minnesota [Mr. BLATNIK] on the floor of the House on Friday, August 31, at page 17214 of the RECORD, in which he asked unanimous consent to make the following correction in the engrossed copy of the House amendments:

On page 6, in lines 12 and 19, strike out "section 9" and insert "section 3."

Representative BLATNIK made it clear in his remarks on the floor of the House that in view of the fact that there was no section 9 in the bill after the House had amended it, the number which should have been inserted was "3" instead of "9"; that no other interpretation was possible; that it was clear that the clerical staff had made a mistake by entering the figure "9" instead of "3"; and that although there was objection to giving unanimous consent for the correction, the legislative history clearly indicates that the figure should have been "3", not "9".

It is my purpose to make that clear in this legislative record in connection with the act. I am of the opinion that it is sufficient, and that if the Senate passes the bill in the form in which it was passed by the House, with this legislative record having been made, the bill then can go to the President and be signed by him and be administered just as it would have been if this error had not been made, for on the face of the bill, and in light of the statements made in the House and the statements made here in the Senate, it is apparent that it was a clerical error, not a substantive one, and therefore would not impair either the validity or the strength of the act.

I hope that will be the opinion of the Senate, and that the Senate will pass the bill in exactly the same form in which it was passed by the House.

Mr. MILLER. Mr. President, will the Senator from Oklahoma yield?

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). Does the Senator from Oklahoma yield to the Senator from Iowa?

Mr. KERR. I yield.

Mr. MILLER. The Senator said that in his opinion the situation is clear. Let me ask whether it is clear insofar as a majority of the members of the House are concerned.

Mr. KERR. I cannot answer that question. I referred to the page of the CONGRESSIONAL RECORD which shows what was said by the Member of the House from Minnesota, Mr. BLATNIK, when he discussed the matter. I am aware of the colloquy which occurred there between the gentleman from Florida [Mr. CRAMER], and the gentleman from Minnesota [Mr. BLATNIK]; and the RECORD speaks for itself. Mr. BLATNIK was the manager of the bill in the House. In my opinion it is clear that the only interpretation which can be given is that the figure "9" should be "3", and that if that is made clear—as I have done in the Senate today—that will be a part of the legislative history, and will be controlling with reference to the interpretation of the bill if it is passed by the Senate in the same form in which it was passed by the House.

Mr. MILLER. The reason why I ask the question—and let me say that I appreciate the Senator's comments—is this: Is it not entirely possible that the error was deliberate, in that it was recognized by some of those who voted for the bill that it was an error, and their votes for the bill were cast in the realization that the error was present and might vitiate the bill?

Mr. KERR. I have no way of reading what was in the minds of Members of the House who did not disclose it by making it a matter of record. The Senator from Iowa may have access to what was in their minds, either by some means of mental telepathy or word of mouth or letter about which I do not know. But certainly I have no knowledge or intimation that such is the case.

Mr. MILLER. I realize that neither of us can tell what was in the minds of the Members of the House, and that they are the ones best qualified to speak on that point. But it seems to me to be very important that we not have to determine the legislative intent of the House Members on the basis of the opinion of just one or two Members of the House. I suggest that it would be dangerous for the Senate to attempt to make such an interpretation without having more of an indication from many more Members of the House—preferably, a majority of the House Members—if we are, in fact, trying to make a record in regard to the legislative intent.

Mr. KERR. I am only trying to make clear what I believe to be the intent in connection with the language of the bill as passed by the House, and I am trying to make clear what the legislative history will be in the event the bill is passed by the Senate in the same form in which it was passed by the House.

Mr. CLARK. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. CLARK. As a background for my question, I call the attention of the Senator from Oklahoma to the bill as it was passed by the House, particularly section 3(f)(3) of the bill as passed by the House, which appears on page 5, where it is set forth that the funds allocated by the President under this section shall be available for projects "a substantial portion of which can be completed within 12 months after initiation or acceleration."

My question is whether the Senator from Oklahoma will agree with me that the words "a substantial portion of which can be completed within 12 months after initiation or acceleration" mean merely that at least half of the project should be completed within the 12-month period, and do not mean that the entire project, or even 80 percent or 90 percent of it, needs to be completed within the 12-month period.

Mr. KERR. That very question came up on the floor of the House, in the course of colloquy between the gentleman from Michigan [Mr. BENNETT] and the gentleman from Minnesota [Mr. BLATNIK]; and Mr. BLATNIK said, in reference to it:

A substantial portion of it should be completed in 12 months. That means at least half or more than half, so that we do not get into a long-term, large project which might take years and years to complete, perhaps long after the need for this program has passed.

In that connection, I should like to say to the Senator from Pennsylvania that I agree with the understanding he has indicated he has about the language of the bill.

He will recall that his own original proposal called for completing any given project within 18 months after initiation. So it seems to me that, keeping within the spirit of that provision, at least half of a project should be completed within 12 months, and that full completion should be had within 18 months.

However, I agree that we should avoid—as the Senator has said—the "driving of the last nail" concept.

So I would say that if the project can be half completed in 12 months or fully completed within 18 months, the terms of the legislative intent will have been met.

Mr. CLARK. I agree, and I thank the Senator from Oklahoma.

Mr. RANDOLPH. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. RANDOLPH. I wish to make a brief observation, and then ask a question.

I join the Senator from Oklahoma in speaking of the continued intense interest of the chairman of the Public Works Committee [Mr. CHAVEZ] in the measures which come before that committee. It is apparent that his presence here today and his presence late into last evening, when he thought there was a possibility that this measure might come before the Senate, attest to his continued concern with problems affecting the national interest.

I wish to ask the Senator from Oklahoma this question: Is it not clear that the colloquy already mentioned, which took place between Representative BLATNIK and Representative CRAMER on the floor of the House, followed by several days the action taken by the House in voting against recommitting the bill? Was not the prior action of the House in voting against recommittal and in effecting passage on a voice vote affirmative action on the merits of the legislation?

Mr. KERR. That is correct.

Mr. RANDOLPH. And is not that action of the House the best evidence of the interest of a majority of the membership of that body? It was one of approval of the provisions of the House version of the bill, substantially as reported by its Public Works Committee.

The Senate Committee on Public Works has considered the House-passed measure and recommends its approval by the Senate. Our committee considers the amendment now before this body to be unnecessary at this time.

We believe the Senate itself will act properly in approving the provisions of the House bill.

Mr. KERR. That is the opinion of the Senator from Oklahoma. He thinks it is clear. He thinks the Member of the House from Minnesota made it clear. He thinks the Public Works Committee of the Senate made it clear. He thinks the Senator from Oklahoma made it clear on the floor. He thinks the Senator from West Virginia made it clear. He thinks this part of the legislative history is clear so that if we pass the bill as passed by the House it will be implemented in accordance with the language of the bill and in accordance with what has been said here.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the action previously taken on Senate Concurrent Resolution 86 be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Senate Concurrent Resolution 86, to which the Senate agreed on July 25, 1962, recorded congressional approval of suspension of deportation in 67 cases in which the Attorney General had suspended deportation pursuant to sections 244(a)(4) and 244(a)(5) of the Immigration and Nationality Act, and section 19(c) of Public Law 863 of the 80th Congress.

On August 20, 1962, the House of Representatives agreed to Senate Concurrent Resolution 86 with amendments to delete three cases and to add three additional cases referred to the Congress under section 6 of the Refugee Relief Act of 1953, as amended.

An additional case referred to the Congress under the provisions of section 4 of the Displaced Persons Act of 1948, which was not included in the Senate concurrent resolution, as amended, merits approval.

I move, therefore, that the Senate concur in the House amendments to Senate Concurrent Resolution 86, with a further amendment to add the additional case, and I send to the desk the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 5, it is proposed to add the following new section:

SEC. 5. The Congress approves the granting of the status of permanent residence in the case of the alien hereinafter named, in which case the Attorney General has determined that such alien is qualified under the provisions of section 4 of the Displaced Persons Act of 1948, as amended (62 Stat. 1011; 64 Stat. 219; 50 App. U.S.C. 1953):

A-7116387, Rock, Felga Altmann.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana that the Senate concur in the House amendments to Senate Concurrent Resolution 86, with a further amendment of the Senate.

The motion was agreed to.

USE OF WOOD IN SCHOOL CONSTRUCTION

Mr. MORSE. Mr. President, I wish to call to the attention of educators, members of boards of education, those whose tax money supports our schools and those whose private contributions support private and parochial schools, the fact that, through the use of wood, great savings can be achieved in school construction.

Wood research is making vast strides. Quality woods with sealed ends, prepainted and carefully manufactured, can now be obtained. Wood is more than a good construction material, it is a product which has character—yes, and even personality.

Good schools, well constructed at the lowest cost consistent with fulfilling educational needs, are an essential part of meeting America's growing educational challenges. Real savings in school construction produce added funds for equipment, teachers' salaries, and other essentials for good education for our children.

In Oregon, for example, fine wood schools have been built at costs well under $10 per square foot, some 20 percent less than masonry schools. In Portland, where little wood was used, the cost of a school was $18.27 per square foot, compared to only $11.47 per square foot for a school in Beaverton.

With the new trends in architectural design, wood offers great opportunities for more than economy in construction and maintenance. It offers beauty as well as warm, comfortable, and pleasant atmosphere. It is shock resistant, an important factor where earthquakes, winds, and other similar problems exist. In California, as a case in point, wood has long been widely used to eliminate possible loss of life due to toppling which occurs when an earthquake hits a brick or masonry structure.

The contentions against wood are fire hazard and insurance costs. Adequate exits plus sprinklers are the key to fire safety. It is recognized that fires, even in so-called resistive structures usually are caused by stored material. Firemen know that wood does not quickly buckle and collapse, as do metals. Sound construction, exits, and sprinklers can make a wood building safer than those constructed mainly from other materials.

I urge educators to examine an article from the Western Conservation Journal for May–June 1962 and I ask unanimous consent that the article, entitled "Wood in Schools Stages a Big Comeback," be printed at the close of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MORSE. Mr. President, should any educators be interested in further details, the West Coast Lumbermans Association, the Western Pine Association, Portland, and the Douglas Fir Plywood Association, Tacoma, Wash., stand ready to assist in supplying all pertinent facts, as well as do the many producers of lumber, plywood, and other wood products.

EXHIBIT 1

WOOD IN SCHOOLS STAGES BIG COMEBACK AS ARCHITECTS AND SCHOOL BOARDS DISCOVER ITS LOWER COSTS

A new California junior college, by capturing the year's highest architectural honors, has afforded the latest climax in

wood's comeback as a prime material in the Nation's huge school building boom.

Foothill Junior College, located in hills near Palo Alto, so impressed the American Institute of Architects, it was chosen from 392 top design entries for the AIA's only First Honor Award for 1962.

"For warmth and magnificence, this new campus stands unexcelled," exclaimed a visiting educator, and none has stated it better. The five distinguished architects who formed the AIA board of judges were moved to write, while selecting Foothill College from the flood of entries:

"It is the jury's opinion that fundamental logic so basic to architecture was often ignored. Superficiality, the patent solution, and the lack of individuality and artistic expression were strikingly obvious. We call for our colleagues to reexamine this basic doctrine of simplicity and human need, and to strive through their works to give greater essence to the environment which they create."

After making this criticism of their profession, the AIA judges selected only one design—a wood college—as that which most clearly solves a problem of environment, and best creates an environment for better learning.

IT'S HANDSOME

Foothill is one of 70 junior colleges in California, but in its first year it has become the most renowned. Educators from all over the country have been impressed with this wood-built college's quiet dignity, its noninstitutional air, its rightness for a residential locale. A spokesman for its 4,000 students remarked: "It's handsome, it has quality, and we respect it."

Architects Ernest J. Kump in association with Masten & Hurd applied fresh design to warm materials, and achieved fame with their showcase for redwood and Douglas fir.

This "Lhasa of learning"—its styling somehow suggests Tibet—contains nearly 3 million board feet of redwood and fir. Its 39 structures, mostly single story, fit snugly on two hilltop mesas. They cover space equal to 7½ football fields, but they don't seem that large.

The campus is a succession of broad, low-pitched shake roofs, each crowned at the center with a tapered pillbox cap. The pitched Douglas fir roof beams are supported by concrete buttresses. Walls combine redwood siding, stucco and glass. Interiors are saw-textured redwood and acoustical plaster.

Three high school districts joined forces to build Foothill College, and actual construction cost them $8,500,000, or $17 a square foot. In California, this is somewhat below the cost of many of the colleges, reflecting the economy possible in wood schools.

All through California, Washington, and Oregon, school districts are building new plants of wood frame to save money, and many are achieving friendlier surroundings for their children by using wood siding and paneling, exposed beams and roof decking as well.

RETURN TO WOOD

"The big change in schoolhouse materials has been the return to wood," declares the National Citizens Commission for the Public Schools. And nowhere has this been truer than all along the west coast.

In ever-booming California, four-fifths of the schools, perhaps more, are built with wood framing and roof structures. And the Golden State puts up 20 million square feet of schools every year—nearly one-third of a billion dollars worth annually.

In northern counties and south to San Francisco and beyond, wood enhances the exteriors and interiors of many schools. Some of the most beautiful schools in the Nation are in that region.

In the sun-baked southern counties, a new school blossoms into a veritable thicket of fir, hemlock and pine lumber at the framing stage. Then quite generally, the predominant local architecture decrees that stucco and plaster seal most of the lumber in.

The Los Angeles area is hundreds of miles from major sawmill country, but it is a tremendous consumer of forest products. In all parts of California, educators and architects agree that wood frame proves to be the most economical and most convenient in construction.

In a State which may have to build $7 billion worth of schools in the next 10 or 12 years, building materials must be judged on economy and performance. And wood has stayed in front. This illustrates the reasons why:

COSTS MUCH LOWER

The Santa Monica Board of Education hired an architect to design the same school in three basic types. The subsequent bids ran $114,000 for wood frame, $130,700 for steel frame, and $145,988 for reinforced concrete. Needless to say, the school was built of wood.

Numerous architects throughout California are demonstrating that wood is a superior school material, that it is suited to modern design, fills requirements of today's changing technique in teaching. And as the same time wood saves the taxpayers money.

In Washington and Oregon, districts that are building new plants most economically are doing so with Pacific Northwest woods. They're getting more attractive environments for learning, and schools that blend more pleasingly with the residential areas where most are situated.

Among all the west coast communities that have committed their school programs solidly to wood, Tacoma has the most emphatic story. The Puget Sound city joined scores of other areas in an attempt to keep up with the tremendous upsurge in school-age children after World War II. And like many other districts, Tacoma plumped for the idea that schools had to be built of expensive "fire resistive" materials.

Serving a population of 160,000, Tacoma has built or planned close to 30 new schools or additions in the past 5 or 6 years. Thanks to a money crisis, it has been building of wood most of that time.

The great awakening came in 1956, after bonds to raise $8,500,000 were voted for 19 school projects. In the first five wood was passed up. Then come the shocker. Key project was the city's first new high school in 50 years. The lowest bid was so high the district was forced to drop a $490,000 auditorium entirely, and other items also were dropped to bring costs down. The design was in prestressed concrete.

EIGHT PROJECTS OF WOOD

Citizens began to speak up. A lumbermen's committee went to work and set up a public forum for school leaders, architects and engineers.

The last eight projects covered by the bond issue were built of wood. Final score was: Masonry and steel, $200,000 over budget, not counting loss of the auditorium; wood frame, $446,000 under budget. Nonwood: $13.73 per square foot; wood, $11.69—a difference of 17.4 percent favoring wood.

Crowning the program is Mount Tahoma Senior High School, a winner of national acclaim. Architect Robert Billsbrough Price designed Mount Tahoma with "all the wood the law allows." Savings with wood went into an Olympic-sized pool, an amphitheater, upholstered seats, draperies, artwork—and nearly $50,000 transferred over into furnishings. The cost: $12.70 a square foot.

In Tacoma's current series financed by a later $4,200,000 bond issue, seven of nine projects are of wood. Average cost of the first seven contracted is between $500,000 and $800,000 by using a full $2 below the State's allowable figure.

Since swinging back to wood, this former lumber capital has saved between $500,000 and $800,000 by using lumber and plywood in its schools.

In Oregon, school building costs have been lowest where forest products were most used. Wood has saved $60,000 or more on typical elementary plants, and up to an amazing $150,000 or more on junior highs.

PER SQUARE FOOT COSTS

Beaverton, Coos Bay, Roseburg, Canby, Waldport and other districts have built fine grade schools of wood at costs well under $10 a foot. Springfield, Ashland and Prineville have constructed junior highs between $9.02 and $9.69.

In a study made last year, it was shown that ten typical elementaries containing quantities of lumber and plywood averaged only $9.08. Ten built mostly of masonry averaged $1.73 more, or at 20 percent greater cost. In Portland, where little wood is used, elementaries cost nearly 54 percent more than upstate wood schools.

The contrast is indeed startling between Sunset High in the Beaverton district, and Portland's newest, Marshall High. Sunset is built around four courts where wood is attractively used. This single-story, wood frame plant cost $11.47 a square foot.

A dozen miles away, the city's Marshall High, a massive concrete, steel and glass edifice, cost $18.27 a foot. Its three-level design and special footings cost more, but not 65 percent more. The bill for Marshall: $18.27 a foot. And some folks complain that Sunset was too lavish.

Some foes of wood assert that wood schools are not safe, but modern design has knocked this notion into the trash can. The newer grade schools are all single story, except where enough land cannot be obtained. Increasing numbers of high schools also are going single story.

The well-planned one-story wood school offers the best combination of life safety factors—against fire, winds, earthquakes, against structural collapse, noxious fumes, and against panic, and entrapment.

EXITS MOST IMPORTANT

Safety in schools is a matter of exits and good housekeeping, and not of the structural materials. Exits that allow speedy evacuation by more than one route are paramount. Sensitive fire alarms, good fire doors, 1-hour firewalls in corridors, sprinklers in fire-prone areas are all of great value. But exits are the vital key to public safety.

Stored materials and furnishings usually have more to do with the start of a fire than does the structure itself. Dozens of fires in commercial buildings and hotels prove that "fire restive" construction cannot assure immunity from fires. School people should strive for the "firesafe" building.

Elaborate tests carried on by the Los Angeles Fire Department in old, abandoned schools have shown that a contents fire can generate enough smoke and heat to make whole floors unlivable within 2 to 7 minutes. This can happen before any part of the building itself catches fire.

Once pupils and teachers are safe from the fire, next consideration is how to minimize damage to the building. Firemen would rather work under or on a roof supported by wood beams than bare steel beams in a fire, simply because metal expands, softens, and collapses from the heat, while wood glu-lam or sawn beams will char and hold fast.

Recent controlled tests at Southwest Research Institute in Texas backed this fact on

1962. I wish the men in the Senate would listen to their Democratic leaders at the precinct level of America. They are shocked by the record of the Democratic Party in the last month in the Congress of the United States. They simply do not understand what has happened to their party, in view of the great platform of 1960, which we are so far from carrying out.

The kind of legislation to which we should be devoting ourselves is what was set forth in that platform, instead of the class legislation to give discriminatory favoritism to powerful pressure groups in this country.

I am on record, Mr. President. I wanted to go on record this afternoon, for I wanted the people of my State to know exactly why the senior Senator from Oregon voted as he did.

I did not play politics with this issue, Mr. President, as I do not play politics with any issue, for if I had wanted to play politics I would have gone along with the stream. In my judgment, on an issue like this, one has to be willing to paddle his canoe against the current. In my judgment, if we do not get the Democratic canoe going upstream against this current pretty soon it will go over the falls, and, in my judgment, it will bedestroye d in the campaigns of 1962 and 1964.

ORDER FOR ADJOURNMENT UNTIL 10 A.M. ON MONDAY NEXT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations tonight it stand in adjournment to meet at 10 o'clock on Monday morning next.

The PRESIDING OFFICER (Mr. BURDICK in the chair). Without objection it is so ordered.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF FEDERAL, STATE, AND LOCAL PUBLIC BODIES

The Senate resumed the consideration of the House amendments to the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

Mr. COOPER. Mr. President, I wish to make a few comments on the amendment I have offered to the House amendments to S. 2965, the public works bill, for myself and the junior Senator from Iowa [Mr. MILLER].

The amendment I offered was for the purpose of correcting an error in the House version of the bill, S. 2965, which is now before the Senate.

Before I explain the nature and the purpose of the amendment, I think it would be proper to explain to my colleagues the provisions of the measure before the Senate, and to compare it with the version which was passed by the Senate several weeks ago.

Senators will remember that the original S. 2965, proposed by the administration, would have provided a total authorization of $2.6 billion; $2 billion would have been authorized for use by the President in standby authority, to be made available and to become effective when certain circumstances obtained; that is with respect to an increase in unemployment.

The second important provision of the original bill was that $600 million should be authorized for immediate use for the initiation of public works during fiscal year 1963.

Senators will also remember the method of financing which was proposed in the original bill; $600 million was to be by regular authorization, to be supported by appropriations provided by the Appropriations Committee. The standby authority was to be financed to the extent of $2 billion by unobligated funds to be drawn from independent agencies of the Government such as the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the Housing and Home Finance Agency, and even the World Bank.

In the committee, the minority opposed the standby authority of $2 billion and the peculiar method of financing. I must say it was not only unusual, but perhaps the first time such a method had been proposed. The committee rejected our efforts to delete the standby provision of the bill and the method of financing it.

The bill, as it was reported, provided $2.6 billion. At that time, with the support of the Democratic majority, although they had opposed it in the committee, the method of financing by borrowing from the unobligated balances of the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, Housing and Home Finance Agency, and the World Bank, was stricken from the bill, and it was provided that the authorization should be supported by the Appropriations Committee.

The bill as it finally passed the Senate provided $750 million standby authority for the President and authority for $750 million to be made available during fiscal year 1963.

The bill went to the House. The House committee reported its own bill. When the bill reported by the House committee came before the House itself, an amendment was offered to strike certain sections of the bill reported by the House Committee on Public Works, and to insert an amendment to provide an entirely new measure in its place. This struck the entire provision which would have given standby authority to the President of the United States, but it provided $900 million for the initiation of public works in fiscal year 1963.

It came back to the Senate in that form, and was referred to the Senate Committee on Public Works. Then the bill was voted out of the Senate Committee on Public Works in the same form as was passed by the House and it is now before the Senate.

It is admitted by all that there is an error in the bill as it was passed by the House and sent to the Senate. The error is in the bill now before the Senate. The amendment which I have offered would correct the error.

I should like to explain to the Senate the circumstances under which the error occurred. When the House committee reported its bill to the floor, it contained a section 9. When the bill was amended on the floor of the House, the new version of the House bill did not contain any section 9. Section 3 in the House version of the bill is identical with section 9 of the bill that was reported from the committee. Nevertheless, in section 5 of the House bill, where reference should have been made to section 3 of the House bill, reference was made to section 9, when in fact there is no section 9 in the bill.

After the bill was passed, Representative BLATNIK, who I think was manager of the bill, asked unanimous consent of the House to request the Senate to return the House bill to the House, and that when it was returned, the Clerk be authorized and directed to correct the engrossed copy of the House amendment.

Mr. RANDOLPH. Mr. President, will the Senator yield at that point?

Mr. COOPER. I yield.

Mr. RANDOLPH. Though I have no direct information, my understanding is that the minority leader, Mr. HALLECK, was not disposed to object to the request of Representative BLATNIK. That is only an understanding. But I think that observation should be included at this point in the RECORD, when the Senator is discussing the legislative history.

Mr. COOPER. I thank the Senator.

According to the CONGRESSIONAL RECORD of August 31, page 17214, the following statement was made:

> Mr. BLATNIK. Mr. Speaker, I ask unanimous consent that the Clerk be directed to request the Senate to return to the House the bill S. 2965 with the House amendments thereto; and that when said bill and amendments are returned to the House, the Clerk be authorized and directed to make the following corrections in the engrossed copy of the House amendments:
>
> On page 6, in lines 12 and 19, strike out "section 9" and insert "section 3."

That is the amendment which I have offered today.

According to the RECORD, Mr. AUCHINCLOSS stated:

> It is evidently and clearly an oversight when the amendment to the bill was introduced striking the coordinator from the bill. I have no objection to this amendment and withdraw my reservation of objection.

Subsequently Mr. GROSS made the objection:

> Mr. GROSS. Mr. Speaker, I object to the request of the gentleman from Minnesota. This is a technical error that can be corrected either by the Senate or in conference. I object.

The House not being able to act upon the motion of Mr. BLATNIK to correct the error, there was no correction, and the bill is before the Senate without the correction having been made.

It may be asked why I am offering the amendment. I am sure that it may sound frivolous to some. I am sure it

could appear that way to some Senators. Also it could be said that the reason I am offering the amendment is that, if it should be accepted by the Senate, the bill would have to return either to the House for a second passage or to a conference.

If the Senate should accept my amendment, it would be necessary for the bill to be acted upon by the House, or, if there should be a conference, it would have to be acted upon by the conference. If that should occur, either the House or the conference could correct the error. Then I am sure the question may be raised as to whether my amendment was being offered only to send the bill back to conference or to the House, thereby bringing about the defeat, or at least a delay, of the bill.

I wish to be frank. I know these questions might be raised. While my amendment would have the effect of sending the measure back to the House or conference, my purpose in offering the amendment is not to delay or defeat the bill. I voted for the public works bill in the Senate Committee on Public Works. The first bill was reported, although I had opposed the standby authority and the peculiar method of financing included in it. I offered amendments to the public works bill on the floor of the Senate. They were defeated, but I voted for the bill.

I have said to many Senators that I favor the public works bill, particularly in view of the unemployment situation, and at a time when there are those who, through no fault of their own, can not obtain employment.

It is argued that it is not necessary to correct the error in the bill and that it could be corrected by the legislative history or by an interpretation on the floor. I do not know. It may be possible to correct it by interpretation on the floor. But it is not certain.

So the first point I make in offering my amendment to correct the bill is that I believe those who support a public works bill ought not to run the risk of seeing an ineffective bill or a nullity passed because of an error in the bill.

When we speak about the legislative history to correct an error in a bill to make certain its intent, certain rules of interpretation are applicable. A very good memorandum on the subject has been prepared by the office of the legislative counsel. I believe it sets out clearly the statement of the rules of interpretation as they have been laid down by the courts with respect to legislation enacted by the Congress.

Senators must remember that in the first instance the bill is intended to express the intent of Congress.

I quote from a memorandum in the case of *Mitchell* v. *Great Works Milling Company*, 17 Fed. 498, which is still quoted as an authority. I quote from page 4 of the memorandum:

> We must take it to be true that the legislature intend precisely what they say, and to the extent which the provisions of the act require, for the purpose of securing their just operation and effect.

If it is to be corrected by legislative interpretation, of course we are in the difficult position that no report of the committee is before us. If this error was made in the House, I do not know that we can, by our action or by our interpretation, correct or make clear what the House intended to do. In fact, the only applicable thing before the Senate as far as action of the Senate is concerned, is that the Senate Committee on Public Works, with full knowledge of the error in the bill, reported it. If we act upon the bill with full knowledge of the error, it would seem to me that our action would be inconsistent with the interpretation which the Senator in charge of the bill, the Senator from Oklahoma, would like to see placed upon this language.

However, I will not argue this point at length, because I recognize that this would be a question for the courts. To be perfectly honest, there is a real question whether it will be tested in the courts. I assume that if the bill passes the Senate without being corrected, legislative action is ended. If the President signs it, I would assume that the agencies of Government which would carry out the provisions of the act would be impelled to carry them out. I do not know whether anyone would actually assert a substantial interest in the act, or question the validity of the point I have made, to say that this error invalidates the bill.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. MILLER. Recognizing that it might be difficult for an individual to establish a substantial interest in a taxpayer's suit, I am wondering whether it would not be entirely possible for someone who felt aggrieved in some area redevelopment project, whose property might be affected, to obtain relief in a Federal court and to tie up the project by prolonged litigation, inasmuch as Federal funds were involved, under the defective section of this bill.

Mr. COOPER. I believe that is wholly possible. I am one who wants to see the public works bill passed. I say it is rather careless, not proper, for the friends of the bill to look at this error and allow it to pass, knowing that it is an error which might invalidate the bill.

Mr. McNAMARA. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. McNAMARA. If the error the Senator is referring to makes reference to section 9 in the bill, when there is no section 9, but should refer to section 3——

Mr. COOPER. Yes.

Mr. McNAMARA. Since there is no section 9, and it is such an obvious error, it seems to me there would be no basis for litigation under the circumstances. I have no fear about that.

Mr. COOPER. I said only a few moments ago, that it is entirely possible, if the question were raised in court, for the court, looking at the whole matter, and recognizing that Congress does not mean to pass a bill without securing its just operation and effect, might say that the language was plain and that the error would not invalidate the act.

However, I do want to say that there is some risk attached to it. I cannot understand why the Senate, knowing that the bill is incorrect, would not want to correct it. When I offered the amendment to correct the bill in the Committee on Public Works the amendment was defeated. I know the effort will be made to defeat it on the floor. The reason is that the Democratic leadership does not want the bill to go back to the House. I am not so afraid of that. I notice that when the bill was passed in the House it was passed by a vote 221 to 192.

I come to my last point. Even though it may not be important in connection with this bill, it is nevertheless a bad precedent to set, and a rather bad procedure for the Senate to follow, to pass a bill knowing that it contains an error.

It cannot be said that importance is not attached to the correction of errors, because the method is provided for the correction of errors. The method is provided, first, that it be corrected by either House when the error is known. Second, if the error is not known until the bill is passed by both Houses, that error shall be corrected by the adoption of a concurrent resolution. That indicates the purpose of Congress in the passage of bills to be careful about errors and to insist that they be corrected. Further, in the rules relating to the enrollment of bills—although that rule may not be applicable in this case—it is provided that the Secretary of the Senate shall correct a bill as it was passed. That means he would have to correct it so as to have it enrolled in the form in which it actually passed the Senate, even though he knew there was an error in it, because the Secretary of the Senate cannot correct an error without authority of the Senate to do so.

All these rules show the intention of the Senate and of the House to see that legislation is passed without errors even in the language or in typography. There is a reason for this. Assuming that in this case the error, which is apparent, does not affect in any way the operation of the bill, I would think that if it becomes a common practice to pass bills knowing that there are errors in them, it is a bad precedent, because there could be instances where the passage of an incorrect bill might invalidate it.

We also know that a majority of the committee and a majority of the Senate do not want to correct the error because they do not want the bill to go back to other House.

How many times could that argument be used in the future? Suppose the House passes a bill by a close vote and it comes to the Senate and the Senate decides that it does not want it to go back to the House. Where would we stop? Where would we draw the line in the acceptance of errors before we would decide to send it back to the other House?

Mr. McNAMARA. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. McNAMARA. The question I should like to ask the Senator is this.

I understand that a member of the committee in the House indicated that they did not think it was necessary to take the bill back. We are not acting arbitrarily, therefore, in opposition to the House, but, instead, we are acting in conjuction with the House.

Mr. COOPER. I would have to say to the Senator that he is wrong in that regard. The manager of the bill asked that the bill be returned to the House so that it could be corrected. I have placed that fact in the RECORD. I have referred to the RECORD of August 31, page 17214.

Mr. MILLER. Mr. President, will the Senator from Kentucky yield?

Mr. COOPER. I yield.

Mr. MILLER. I should like to ask the Senator from Michigan how he can make that statement in face of the reported statement by Mr. BLATNIK, when he said:

> Mr. Speaker, I ask unanimous consent that the Clerk be directed to request the Senate to return to the House the bill S. 2965 with the House amendments thereto; and that when said bill and amendments are returned to the House, the Clerk be authorized and directed to make the following corrections in the engrossed copy of the House amendments.

That does not indicate to me, if I correctly read the English language, that there was any consent or agreement on the part of the House that this amendment was not necessary.

Mr. McNAMARA. Mr. President, since the question of the Senator from Iowa was directed to me, I should like to have an opportunity to answer.

Mr. COOPER. Certainly; I yield.

Mr. McNAMARA. There is no question that the Senator from Iowa has quoted the RECORD correctly; but there was an inquiry by the gentleman in the House. I do not speak for him; he is capable of speaking for himself. He later got information, upon pursuing the point, that the action he sought could be taken by the legislative processes of the House. That has already taken place; and, as we were told in our committee, and with the additional legislative history that can be made on this particular point in the Senate, there would be no need to send the bill back. This is what I understand very clearly to be the position of the gentleman from Minnesota, Mr. BLATNIK, in the House of Representatives. The situation now is different from what it was at the time the question was raised on the floor of the House.

Mr. COOPER. I have explained the purpose of offering the amendment. I contend that the error should be corrected for the reasons I have given: first, to make certain that when the bill passes, it will have full force and effect; second, I think it is a bad precedent for the Senate to pass a bill knowing that it contains an error, when the rules of the Senate and the processes of the Senate in connection with legislation are designed to correct error. This is bad precedent and could haunt the Senate in future legislation, even though it may not be harmful in this case.

Mr. RANDOLPH. Mr. President, will the diligent Senator from Kentucky yield?

Mr. COOPER. I yield.

Mr. RANDOLPH. I know of no Member of this forum for whom I have higher personal and official esteem than the senior Senator from Kentucky. This expression is not merely a pleasantry which is presented by the Senator from West Virginia. I conclude now, as always, that when the Senator from Kentucky speaks, he explains his opinion from considered judgment. But I disagree with him in this instance. Often we stand together. I hope that nothing will be done in reference to further action on the proposed legislation which might militate against its passage before the conclusion of the 2d session of the 87th Congress. In saying this, I believe I interpret, at least in degree, the thinking of the Senator from Kentucky. He favors the legislation. We are in disagreement as to how, perhaps, it may come to speedy enactment.

Mr. COOPER. Yes; I have said I favor the proposed legislation. I have supported it for many years.

I thank the Senator from West Virginia for his remarks; but I have given reasons why I believe the correction should be made. I think the statements which have been made reinforce my position; namely, that this is an important bill and that we should not ignore the usual processes and rules of the Senate.

Mr. HUMPHREY. Mr. President, first, the comments of the distinguished senior Senator from Kentucky are always worthy of the most serious consideration by the Senate. I, for one, know that he supports the public works program and that his efforts here are not made to delay or to obstruct. I want that to be made quite clear.

I have examined into this situation which we are now discussing, namely, the amendment of the Senator from Kentucky. My interest in it is not only because I am an active supporter of the public works bill and have collaborated with and cooperated with my good friend, the Representative from the Eighth District of Minnesota, Representative BLATNIK, in matters relating to public works; but my interest in the amendment comes because, after a careful examination of the record of the House and after discussion with Representative BLATNIK, it is quite clear that the intent of the House in reference to section 9 and section 3, namely, the striking out of section 9 and the inserting of section 3, was unmistakable.

As was stated by Representative BLATNIK, of Minnesota, the situation was as follows, and I quote from the RECORD of August 31, page 17214:

> Mr. BLATNIK. The truth is when we offered the amendment we changed the sections in our prepared amendment, line by line, correcting the error as far as our committee was concerned. It was suggested at the desk to the Member offering the amendment that to save time he merely used the phrase "and renumber the following sections accordingly," which he did. This was an oversight since the amendment presented to the desk contained the language necessary to make the changes inadvertently omitted. So section 9 of the original bill became section 3. However, in a cross-reference of the original language of the bill itself, where we refer to section 9 in two instances, this also should have been changed to section 3 as the amendment of the committee showed when brought to the desk. This is purely a technical correction. This same thing has happened on a few occasions before, in one instance in connection with a foreign aid bill. The intent, of course, is clear, that these two cross-references should be section 3.

Everyone agreed to the proposal presented by Representative BLATNIK. There was no disagreement as to the intent of the House. The ranking Republican Member agreed. Even the Representative who was interrogating Representative BLATNIK agreed as to what the intent was. The minority leadership of the House and the ranking minority Member, as well, did not object to the interpretation and the request made by Representative BLATNIK.

Ordinarily, it would be right and proper to proceed according to the way the Senator from Kentucky has suggested. But the Senator from Kentucky, in his customary fairness and frankness, has stated the situation accurately.

This public works acceleration bill was hotly contested in the House of Representatives, as it was in the Senate. It was controversial. There were yea-and-nay votes. While the yea-and-nay vote in the House of Representatives gave a substantial majority to the bill, nevertheless there was pretty much a party-line division. Ordinarily, once the majority had expressed its will so conclusively, a request on the part of the manager of the bill to make certain technical corrections would automatically be honored.

And it was quite obvious that the minority leadership of the House and the ranking Republican Member of the House Public Works Committee were prepared to follow the normal procedure of honoring the request of the manager of the bill to make certain technical corrections which did not deal at all with substantive matters.

But what happened? The fact is that Representative GROSS, of Iowa, objected to that request. That objection was indicative of the opposition which had been registered against the bill at the time when it was considered and voted on in the House. In other words, the majority of the House had expressed their will, and had passed the bill, and then the bill came to the Senate. And when the Member of the House who had handled the bill on the floor of the House and had had that primary responsibility made his request, he did not contemplate that objection would be made, because it was realized and agreed by the ranking minority Member that the error was a technical one, and that the intent of the House had been made manifest and was clear. But then objection was made by the Representative from Iowa to the unanimous-consent request after the House had expressed its will. Certainly

I do not criticize him for making whatever decision he wished to make; that was his privilege. But certainly, too, it was a warning flag, to those of us who support this legislation, that a little technical error, which had nothing to do with the substance of the bill—and that was fully understood when the explanation was made—might delay the progress of this vital piece of legislation.

Mr. President, this legislation is too important to be killed because of an inadvertent, clerical error, primarily an error at the desk in the other body in interpreting a request about modifying an amendment.

Therefore, Mr. President, when we in the Senate today consider the proposal the distinguished Senator from Kentucky has made, certainly we must bear in mind the entire situation. The Senator from Kentucky is very fair, and he has pointed out the whole problem. Certainly there is much merit to the argument he has made about the precedent which might be established, though this has happened before; and under ordinary circumstances I would say his amendment should be agreed to without delay. However, these are not ordinary circumstances.

We hope we are coming to a period in the deliberations of Congress when we shall be able to adjourn sine die. We know we have serious and important and controversial legislation ahead of us. We know that all forms of delaying tactics can be engaged in.

Therefore, inasmuch as it is now quite clear, and has been made clear by all those who have handled this legislation, the managers of the bill in the House and the managers of the bill in the Senate—that the technical error which was made has no relevancy to the substance of the bill and does not in any way change the substantive matter contained in the bill, it is important for us to realize that to run the risk of sending the bill back to conference or of returning it to the other body, for new action, would be anything but prudent.

I may add that if, later on, it develops that some Member of the Senate wishes to correct this technical, inadvertent error, the Congress can legislate on an amendment to the act as simple as the one proposed by Representative BLATNIK—in short, by merely referring to the bill as enacted, and by taking action on an amendment, as new legislation, to that act, rather than delaying the progress of this legislation so vital to the unemployed men and women of this Nation.

But it is my view that in light of the explanations which have been made, and in light of the frank, cooperative statement made by the chairman of the Public Works Committee, and in view of the action taken by the manager of the bill in the House, there is no doubt what the situation is, and it is clear that the error made by inserting "9", instead of "3", was only a technical error which has no relationship to the substantive legislation.

Everyone knows that when a court examines legislation, it considers carefully the legislative intent and the legislative history.

I also understand that the distinguished Senator from Oklahoma [Mr. KERR] has consulted with the Bureau of the Budget, and that the Bureau of the Budget and its attorneys find that, in view of the intent which has been developed, there is no basic need to make a correction.

Mr. RANDOLPH. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. RANDOLPH. On the point just made, I can substantiate what the Senator from Minnesota has said as to the viewpoint of the Bureau of the Budget.

Will the Senator from Minnesota yield further?

Mr. HUMPHREY. I do, indeed.

Mr. RANDOLPH. Let me ask a question: In light of the situation at this session, is there not the added danger that in delaying action solely to correct what was clearly a minor technical inadvertence which crept into the House bill, there might develop, in the hectic closing days of the session, a period of tension which could contribute to the demise of this worthwhile legislation?

Mr. HUMPHREY. That is a very real possibility, if recent developments portend anything as to the future, because there have been days, here in the Senate, when I wondered whether we would get anything done, in light of the tensions and the difficulties encountered.

I must say that in view of the fact that the Senate passed the bill a long time ago, and in view of the fact that a considerable length of time elapsed before action was taken on the bill by the other body, and in view of the fact that there is recognition that the bill involved a hard-fought partisan battle, obviously we must face up to this situation, and those of us who want a public works program should accept what was before us.

I believe the bill was passed by the Senate on May 28—which proves the point the Senator from West Virginia has made. In short, if it took from May 28 to the latter part of August to get the bill passed by the other body, then, Mr. President, I wish to say that although I love my work and although I have indicated that we may be here as late as Christmas, yet I do not think we should push January 1 as the date of the sine die adjournment—although, in view of the indications, that may be the case.

Mr. RANDOLPH. Mr. President, will the Senator from Minnesota yield again?

Mr. HUMPHREY. I yield.

Mr. RANDOLPH. Time does run its troubled course; and are there not indications that as we come to the final stages of this session, the status of pending legislation is often on the ragged edge?

Mr. HUMPHREY. Yes, I think there are such indications. But I hope this stage of the session will not be too troubled. In fact, I believe that if we engage in wise planning, the difficulties will be less than may be feared and the tensions may decrease.

Mr. RANDOLPH. Mr. President, will the Senator from Minnesota yield for the spinning of a yarn?

Mr. HUMPHREY. I yield. We can use a story.

Mr. RANDOLPH. A farmer and his wife had a grandfather's clock which they loved very much. Yet, as they became older, and when time was for them perhaps running out, the mechanism of that cherished clock became weary and finally stopped. It no longer struck the hours, and its hands were too weary to turn around the dial. They loaded the clock onto their old buckboard, and took it to the county seat town; and there the watchmaker found that the repairs which were required would take several days. So he asked them to return the following week.

On that date, they returned; and the clock was ready. They took it home, and set it in its accustomed place, at the foot of the steps, just off the "parlor." They were so delighted to have it back with them again for it was almost a member of their household. That night they sat listening to the ticking of the clock, and especially to its hourly striking, which was very resonant. Usually they retired at 9 o'clock. On this night they did not. But when 11 o'clock struck, they thought they had rocked in their chairs long enough, and they would go to bed because of a happy weariness.

But after they had climbed the narrow staircase the husband said to his wife, "Let us talk awhile, and we can hear it strike 12."

So they did. But when it struck 12, it then struck 13, and then 14, and then 15, and then 16—and on and on; and when it struck 40, the farmer threw off the bedcovers, and exclaimed "Ma, let us get the heck out of here. It's later than I ever knowed it to be."

This, Mr. President, is a story from the hills, used by me when the hour grows late at campaign meetings. The Senator can understand it.

Mr. HUMPHREY. Yes; but it has a great moral lesson, if the Senator is indicating that we should get out of here.

Mr. RANDOLPH. Indeed so. [Laughter.]

Mr. McNAMARA. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. McNAMARA. While the Senator is making a history of the progress of this legislation through both Houses, to some degree, I think it should be added that this measure was reported from the Public Works Committee of the Senate, after due consideration of the problem we face, by a vote of 11 to 1. Three or four Senators were absent from the committee meeting at the moment the vote was taken, and it was agreed that the clerk would poll them for their vote. I do not know what the result was, but the measure was reported from the committee by a vote of 11 to 1.

Mr. HUMPHREY. The Senator's observation is very helpful and pertinent.

Mr. MILLER. Mr. President, in connection with a discussion of the legislative history with respect to the technical error, which might also be an error of substance in the eyes of a judge with respect to this bill, I point out that there are two kinds of situations which may be presented to the court when legislative intent is the question.

One—and this is the only one that the Senator from Iowa has ever experi-

enced—is a situation in which the error results from inadvertence or oversight on the part of the legislative body. In such a situation, a court is sometimes called upon to draw a very fine line between interpreting the law on the one hand, which is within the proper province of the judicial branch of the Government, and, on the other hand, making law, which is within the province of the legislative branch of the Government.

When an error or oversight or cloud exists as the result of inadvertence or oversight on the part of the legislative branch of the Government, it is traditional that the judicial branch will try to cooperate with the legislative branch through the process of interpreting what we call legislative intent. Legislative intent must be established with respect to the interpretation of a law.

In this case we have a situation in which there is no law. As the Senator from Kentucky [Mr. COOPER] pointed out, we have a nonexistent law because section 9 is nonexistent.

I can understand how a court, even in that situation, might try to give efficacy to the legislative intent; but I can also understand how the court might find it very difficult to enter the field of law in that situation, notwithstanding the fact that it was a situation arising from inadvertence or oversight.

As I have said, the Senator from Iowa knows of no situation similar to the situation in this case in any of the cases he has read regarding legislative intent. I know of no example of deliberate action of the legislative branch of the Government, saying in effect, "We are going to deliberately legislate an error in the law." I question whether a judge would think it proper for the judicial branch of the Government to make law.

I believe that situation is exactly what will be presented if the amendment of the Senator from Kentucky is not adopted. Not only is it extremely dangerous to the effectiveness of this law, but I think it would establish a very dangerous precedent.

I can understand cooperation existing between the judicial branch and the legislative branch when an error has arisen as a result of inadvertence; but if the legislative branch deliberately legislates an error, it is asking quite a bit for the judicial branch to make a law for the legislative branch.

I can well understand how a judge might say, "The legislative branch had its chance, it knew exactly what it was doing, and it is within the province of the legislative, and not the judicial, branch of the Government to correct the error."

Mr. President, I send to the desk an amendment, and ask that it be printed in the RECORD, and lie on the table and be printed.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table; and, without objection, will be printed in the RECORD.

The amendment ordered to be printed in the RECORD is as follows:

SEC. 7. This Act shall take effect November 15, 1962.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. MUNDT. I should like to associate myself with the point of view expressed by the Senator from Iowa. It seems to me that when errors of this type occur there is a proper procedure for correcting it. The only valid, legal, and sensible procedure is by amendment.

Legislative history is created not by one or two or more Senators making statements on the floor of the Senate, not even by what is said by the chairmen and ranking members of commitees; legislative history is created with validity only by a demonstration that it is supported and endorsed by a majority of the Members of the Senate. If there is a discussion and some Senators say "We understand it this way" and other Senators say "We understand it that way," and an effort is made to create authorizations for expenditures by virtue of such expressions of intent, it seems to me that the legislation is thrown into chaos.

Members of the Committee on Appropriations will be called upon to act rather promptly in connection with whatever is decided with relation to this public works bill. I think a point of order would lie, with validity, against any appropriation which we might bring in which is not based upon a definite authorization. Furthermore it would require an overwhelming majority of the Senate to approve an appropriation which was passed without authorization, and it would be subjected to all kinds of legal contests, even though an overwhelming majority were rallied behind it.

The proper, expedient, and correct procedure to follow is to offer whatever amendments are required to correct the error, have the amendments agreed to, go to conference, obtain concurrence by the other House, and legislate in the Senate in conformity with precedent, propriety, and the constitutional provisions under which this great body operates.

I congratulate the Senator for having called this question emphatically to the attention of the Senate. I hope when we work our will on the problem that confronts us, we will do it, as legislators, by legislation, and not by something which is trumped up to say "This is the legislative intent," when Solomon himself could not say what was the legislative intent, save only as recorded in a vote by Members of the Senate.

Mr. MILLER. I thank the Senator from South Dakota for his kind remarks, and also the point he makes with respect to appropriations. I reemphasize that I can see trouble ahead when and if this problem is presented to the court, because while it could be argued—assuming that the amendment of the Senator from Kentucky should not prevail—that a majority of the Senate defeated the amendment and, with their eyes wide open, passed the bill knowing that there was an error in it, and therefore it reflects legislative intent, I can also understand that a court might say, "When the legislative branch of the Government does such a thing deliberately, we do not think the judicial branch should extend the hand of cooperation to the legislative branch. We will draw the line when this happens through inadvertence or oversight, but if the legislative branch expects the judicial branch to legislate, it had better make clear, through its own legislative process, exactly what is intended, and, when the opportunity presents itself, correct a bill when it needs correction."

PROPOSED PRESIDENTIAL AUTHORITY TO EMPLOY ARMED FORCES

Mr. MILLER. Mr. President, with respect to the proposal to have Congress pass a resolution similar to the one adopted in 1955 authorizing President Eisenhower to employ our Armed Forces as he deemed necessary to protect Formosa and the Pescadores Islands from the Communist Chinese threat, I would hope that such a resolution would be most carefully weighed and worded. As Commander in Chief of the Armed Forces, the President already has this authority, so I am not persuaded that such a resolution is necessary.

If, on the other hand, the purpose of the proposed resolution is to reflect determination and clear purpose of the American people to firmly meet the problem of Cuba, then it would seem appropriate for the resolution to reaffirm the principles of the Monroe Doctrine, to make a finding that such principles have been violated, and to call upon the President to establish a war materiel blockade of Cuba, preferably in cooperation with the Organization of American States but unilaterally if need be, as I recommended in my statement on the floor of the Senate yesterday.

Mr. President, with respect to reports that the President is sending to Congress the draft of a bill which would authorize him to order 150,000 reservists to duty for 12 months and to extend for 12 months other periods of service, I note that the President's press secretary commented that this stems from the critical nature of the international situation. I note also that a report states that diplomatic observers see psychological warfare implications in the President's request, such as impressing Premier Khrushchev with the determination of the administration to maintain a firm stand in Berlin and all Europe. My reaction is that Mr. Khrushchev would not be impressed at all. As a matter of fact, last year at the time of the Berlin crisis, I suggested that the strategy of the leaders in the Kremlin might well be to have a turning on and a turning off of various crises, hoping that our reservists would be called up and then sent home, then called up again and sent home again, in an on-again-off-again strategy designed to wear us down psychologically and financially.

No, Mr. President, Premier Khrushchev is not going to be impressed by the callup of 150,000 more conventional troops. As I stated a year ago, President Kennedy's call for sacrifice must be a two-way street. It means matching sacrifices of New Frontier domestic spending programs with the sacrifices

occasioned by military preparations and military activities. This he has not seen fit to do, and until he does, I shall be unimpressed by the proposed legislation.

I might say that, in my opinion, Mr. Khrushchev would be far more impressed if we stopped trading with Communist bloc nations, if we closed down his embassies and legations here, and if we imposed a war materiel blockade of Cuba, or if we indicated that these actions would be undertaken if he persists in perpetrating crises around the world and persists in his aggressive philosophy of world domination.

STRIKE BY ORDER OF RAILWAY TELEGRAPHERS AGAINST THE CHICAGO & NORTH WESTERN RAILROAD

Mr. MUNDT. Mr. President, a very serious situation confronts the people of the great farm heartland of America, represented by the States of the Midwest.

In the past few days we have heard and read a great deal about taxes and their effect as to the shoring up of our economy. We have heard it said that a change in the tax structure is needed to get our economy moving at a faster pace.

I call to the attention of the Senate the fact that in the Midwest, on this Friday afternoon in the closing hours of this session of the Senate, the economy of South Dakota, Wisconsin, Illinois, and a number of other States served by the Chicago & North Western Railroad is not moving ahead. In fact, the economy is fast coming to an almost complete halt. I say this because in the Midwest today there has been called against the Chicago & North Western Railroad a strike by the union known as the Order of Railway Telegraphers. This strike, now in its 9th day, has brought to a halt all rail movement on the over 10,000 miles of track of the third largest railroad in this great Nation. This strike by 1,000 union members of the Order of Railway Telegraphers has idled more than 16,000 other railway union members, depriving them of their full economic income, and has virtually stopped entirely the handling of the freight loads over the railways of that area.

For more than 5 years the Order of Railroad Telegraphers has been trying to have included in its contract with the railroad a rule which states:

> No position in existence on December 3, 1957, will be abolished or discontinued except by agreement between the carrier and the organization.

This rule, if it had been placed in effect, would have kept the railroad from modernizing and making more efficient its operations throughout America through the years.

Last April, President Kennedy appointed a distinguished, impartial panel of factfinders, as authorized by the Railway Labor Act, to investigate the Northwestern labor dispute. After many hearings, in which both sides were heard, this Emergency Board made its report and recommendations to President Kennedy. In summary, the Board recommended:

First. The union withdraw its proposed rule.

Second. The railroad should provide a comprehensive program of employee protection as outlined in the Board's report.

As to the union's demand for a veto power, the Emergency Board concluded that such a demand "would seriously impair efficiency and would represent an undesirable approach to job security."

The North Western Railroad accepted the recommendations of the Presidential Emergency Board, recommendations which imposed responsibilities and duties upon the, as well as denying to any group of employees the right to stultify, to stop, and to paralyze the progress of technocracy.

The union rejected the recommendations made by the Presidential Emergency Board and has defied those recommendations and called a strike which is causing undue economic hardship in the Midwest.

In my opinion, it is indeed unfortunate for all America and for the economy of this country that this union has not faced up to its responsibilities and accepted the Emergency Board recommendations, thereby settling the differences over the conference table in negotiations. The demands of this union—with 1,000 strikers affecting the employment and family incomes of over 16,000 other union members—constitute "featherbedding" of the worst kind.

It is a demand for power over the future of the railroad. We are all familiar with the report of the Presidential Commission earlier this year, which recommended that the railroads should not be required to maintain jobs for which there are no duties, and that all employees should perform a fair day's work for a fair day's pay. That is the good old American principle which made our country great, and which has built our mighty unions into the strong forces which they are. That principle should be respected.

During the past few days I have had telephone calls, telegrams, airmail letters, and conferences in my office, all urging me to take action to bring an end to this unfortunate strike. I only wish it were within my power to do so. I have done everything I can conceivably do in that direction. I wired the Secretary of Labor, supporting him in his efforts to mediate the strike as soon as possible.

In South Dakota the strike is having an adverse effect on the defense buildup of our Nation. We talk about our concern over the building of a Red fortress in Cuba. We talk about the necessity of appropriating billions of dollars for our national security. We hear that the President will again request authority to call reservists from their civilan jobs and put them into uniform.

But we have a strike which deals directly against the security of America. For example, in western South Dakota, the Chicago & North Western Railroad services the area which is being dotted by missile sites. Construction on the missile sites is grinding to a halt because of the present serious shortage of needed equipment. Most serious is the shipment of intersite cable for communications between sites. In our area time is at a premium, and work is being pushed to have the cables laid before the ground freezes. It is unfortunate that the irresponsible union leadership of this small union has seen fit to delay construction of missile sites which are basically a part of our defense posture, at the very time that the President is rumored to be asking the Congress to give him authority to call more men into the armed services.

Furthermore, the strike, coming in the midst of the harvest in this area, is terribly devastating to the income of our farmers and to the overall economy of our farm States. Our elevators are bulging with grain. Some of it is lying on the ground in huge piles, deteriorating. It is not being moved to market. The economic loss to the farmers in my area is untold and is mounting astronomically every day that the strike continues.

Mr. President, those results have been caused because the union leadership has not faced its responsibilities. We are about to harvest out in South Dakota a sugarbeet crop estimated at a value of about $2.5 million.

These sugarbeets must be shipped by rail from the harvest area to the processing plant in Belle Fourche, S. Dak., by the railroad now on strike. Sugarbeets are perishable. They will not await the beginning of their deterioration while endless negotiations go on between the strikers and their employees.

Today, as I speak on the Senate floor—at this very hour—the sugarbeet producers of southeastern South Dakota are meeting in Vermillion, S. Dak., to discuss ways and means to solve their problem. They have telegraphed me. They have called me on the telephone. My colleague [Mr. BOTTUM] and Representative REIFEL of the First Congressional District are attending a meeting of people who see the fruits of their hard toil throughout the summer months of production turning to ashes in their hands as their sugarbeets are threatened by deterioration because the railroad is unable to deliver them to the sugar mill.

Mr. President, the services of this railroad transportation are essential if we are to protect and salvage the crop. It has been said that the beets cannot be trucked to market at all, and that they will be lost unless the service is reactivated. Think what a $2.5 million loss will mean to South Dakota agriculture because this union of 1,000 members, in a 9-State area, flouts the President and his Emergency Board recommendations.

I should add that the bentonite plans in the northern Black Hills area of South Dakota are closing down. Other types of plants are also grinding to a halt or have announced that they will have to close in the near future if the strike is not settled. Other States have the same problem. Other Senators can

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

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HIGHLIGHTS: Senate agreed to House amendments to public works acceleration bill. Sen. Humphrey inserted article supporting proposed foreign trade bill.

SENATE

1. PUBLIC WORKS. By a vote of 45 to 22, agreed to the House amendments to S. 2965, the public works acceleration bill (pp. ~~17842,~~ 17847-61). This bill will now be sent to the President. As agreed to the bill authorizes an immediate $900 million public works program in those areas which are designated by the Secretary of Commerce under the Area Redevelopment Act as "redevelopment areas" and those areas which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least 9 of the preceding 12 months. Of the $900 million authorized to be appropriated, $300 million is to be reserved for allocation in areas designated under Sec. 5 (b) of the Area Redevelopment Act relating to unemployment in rural areas.

   By a vote of 30 to 38, rejected an amendment by Sen. Cooper to correct a technical error in the bill which erroneously refers to a section not in the bill. pp. ~~17842,~~ 17847-52

   Rejected an amendment by Sen. Lausche to strike out a House amendment which alters the amount of money that local and State governments may post to qualify themselves for participation in the grants that are to be made. pp. 17856-7

2. PUBLIC LANDS. The Interior and Insular Affairs Committee reported with amendments S. 3160, to amend the act of March 8, 1922 (permitting entry on and patent for land containing minerals) so as to extend its provisions to the townsite laws applicable in Alaska (S. Rept. 2022). p. 17836

3. PERISHABLE COMMODITIES. Conferees were appointed on S. 1037, to amend the Perishable Agricultural Commodities Act regarding fees, oral hearings, and relicensing. House conferees have not yet been appointed. p. 17862

4. WILDLIFE; RECREATION. Sens. Williams, N. J., and Keating submitted amendments intended to be proposed to H. R. 1171, to increase the public benefits from th national fish and wildlife conservation areas through their incidental or secondary use for public recreation. pp. 17862-3

5. TAXATION. Passed with amendments H. R. 6413, to extend to fishermen the same treatment accorded farmers in relation to estimated income tax. p. 17864

6. FOREIGN TRADE. Sen. Humphrey inserted an article, "Challenge for America: Trade or Fade," supporting enactment of the proposed Trade Expansion Act of 1962. pp. 17837-40

7. EMPLOYMENT; ECONOMICS. Sen. Douglas submitted a resolution to authorize the printing of additional copies of hearings of the Jt. Economic Committee, "Stat of the Economy and Policies for Full Employment." pp. 17836, 17837
   Sen. Humphrey inserted an article by Leon Keyserling, "One Prescription for Unemployment." pp. 17840-1

8. HOUSING. Sen. McNamara submitted a resolution to authorize the printing of additional copies of a committee print of the Special Committee on Aging, "Housing for the Elderly." p. 17837

9. CUBA; FOREIGN AGRICULTURE. Sen. Dodd inserted several articles discussing the situation in Cuba, including the shortage of food supplies. pp. 17874-7

10. INFORMATION. Sen. Thurmond inserted several articles on a new book, "Washingto Cover-Up," regarding the use of executive privilege in withholding information from Congress. pp. 17865-6

HOUSE

11. FARM PROGRAM. The "Daily Digest" states, "Conferees continued, in executive session, to resolve the differences between the Senate- and House-passed versions of H. R. 12391, proposed Food and Agriculture Act of 1962, but did not reach final agreement, and will meet again tomorrow." p. D821

12. MIGRANT LABOR. Passed with amendment S. 1130, to amend title III of the Public Health Service Act to authorize grants for improving domestic agricultural migratory workers' health services and conditions. A similar bill, H. R. 12365, was laid on the table. pp. 17804, 17808-14

13. MILITARY CONSTRUCTION APPROPRIATIONS. Conferees were appointed on H. R. 12870, the military construction appropriation bill. Senate conferees have already been appointed. p. 17802

14. TAXATION. Conferees were appointed on H. R. 10650, the proposed Revenue Act of 1962. Senate conferees have already been appointed. p. 17802

willing to relinquish some of their secrecy for more security. We need be no more apprehensive about this than they.

When some administration spokesmen talk about an accommodation with the Soviets, we should not be misled into thinking that the basic nature of communism, as an aggressive philosophy, will be changed; nor that the leaders of Russia will abandon communism. We should be alert to the fact that any agreement signed by these leaders will be consistent with their plan and their objective of world domination.

Thus far in Geneva they have conceded not one point of substance. In fact, they have been quite frank about their position of no concession on points of substance. Talk of a nuclear test ban agreement is one thing, but it takes two sides, both sincere, to make and keep an agreement. With the Soviet-directed crises in Cuba, in Berlin, in Laos, and in South Vietnam, we have received no indication whatsoever of sincerity on the part of the Soviet leaders other than their sincere intention to spread communism around the world by any means—fair or foul. Under such circumstances, it is time for us to stop making concessions or talking about possible concessions which carry risks with them and for the Soviets to display a change of intentions by accepting a foolproof inspection system on nuclear testing, on preparation for nuclear testing, and on the development of an anti-missile defense as long as nuclear weapons are stockpiled.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF FEDERAL, STATE, AND LOCAL PUBLIC BODIES

The Senate resumed the consideration of the House amendments to the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

Mr. COOPER. Mr. President, I do not intend to take much time in explaining the amendment which I offered last Friday for myself and the distinguished Senator from Iowa [Mr. MILLER]. My reasons for offering the amendment are clearly set forth in the RECORD of the proceedings of last Friday's session of the Senate. I shall now give a brief explanation of the purpose of the amendment.

When the bill passed by the Senate, S. 2965, was sent to the House, the House did not accept the Senate bill. The House Committee on Public Works had reported to the House its bill, H.R. 10113.

The bill which had been reported by the House Committee on Public Works was comprised of 12 sections. An amendment which was offered on the floor of the House struck out sections 3, 4, 5, 6, 7, and 8, leaving six sections, which was adopted as a substitute for the Senate bill. I think the operative section of the House substitute is section 3. Section 3 provides the criteria for making funds available to persistent labor surplus areas and to areas covered by the Area Redevelopment Act. It provides to the President the authority to allocate $900 million to various agencies of the Government for public works projects in such areas.

While section 3 provides an authorization of $900 million to make the bill effective, the actual amount to be made available will depend upon the action of the Appropriations Committees and the Congress.

Nevertheless, in section 5 of the House substitute, which would provide the Housing and Home Finance Agency, with authority to make grants-in aid for local public works if this measure becomes law, there is no reference to section 3. According to section 5, the Administrator would derive his authority from "section 9." The bill reported by the House Public Works Committee contained a section 9, but there is no section 9 in the bill passed by the House. So the bill before us contains a known error.

I must say, in frankness, that I think it is one of inadvertence, because after the bill had been passed by the House, Representative Blatnik, the House manager of the bill, asked unanimous consent that the House request that the bill be returned by the Senate and that the Clerk of the House be authorized to correct the error; but objection was made.

So the bill came to the Senate with the error. It was referred to the Committee on Public Works, where I moved that the error be corrected by inserting in section 5 as the source of funds for grants by the HHFA the reference to the correct paragraph—to paragraph 3, instead of paragraph 9. But my proposal was opposed by the majority members of the committee, and it was defeated.

I have made the same motion in the Senate.

As I said on Friday, my motion may appear to some to be frivolous and without importance. I do not think so. I directed my remarks to this subject last Friday.

It is argued by the Senator in charge of the bill on the floor of the Senate, the distinguished Senator from Oklahoma [Mr. KERR], and by other Senators that the error can be corrected by interpretation on the floor of the Senate.

I think it is the rule, that if no interpretation of any kind is made, and if the validity of the bill should be questioned, and the issue should be determined by the courts, the courts could examine the bill and the legislative proceedings as a whole. If the intent of the legislative body is unclear, the courts could take the position that the legislative body did not intend to do a nullity, and considering the history of the development of the bill, in committee and on the floor, determine that the reference to "section 9" was inadvertent and that "section 3" was intended—to make the bill operative.

On the other hand we cannot know whether an interpretation made on the floor has validity in this case. And when this doubt is known to all of us, I hold that it is our duty to correct known errors. Those who favor the bill should not run a risk in failing to do so.

I cannot say that if the bill were to be interpreted by a court, the court would say the bill was inoperative. When I consider all the facts in connection with the bill—the fact that there is no section 9, and that the content of section 9 as originally reported and the content of the present section 3 are similar—I believe it is possible that a court would say that it was the intention of the House to refer to section 3, instead of section 9.

But some rather peculiar questions are raised: First, can the Senate determine what the House intended to do? I do not believe that it can. The managers of the bill in the House are the ones who have the capacity to speak for the House bill.

Then it may be said that the Senator from Oklahoma [Mr. KERR], as the Senator in charge of the bill, can interpret what is intended by the bill, in explaining the error. But there is a curious inconsistency in this connection.

Mr. MILLER. Mr. President, at this point will the Senator from Kentucky yield?

Mr. COOPER. I yield.

Mr. MILLER. I know that during the debate last Friday, considerable point was made of the fact that there was a certain intention on the part of the sponsor and floor manager of the bill in the House.

I hold in my hand a book entitled "Statute Making," written by Armand B. Coigne, and published by the Commerce Clearinghouse, copyright 1948. In this book, on the subject of construction and legislative intent, the statement is made:

> The statements of the personal intention of members made during debates have been held not to be a proper source for the consideration of legislative intent, even when made by the sponsor.

And the following cases are cited:

U.S. v. *Trans-Missouri Freight Association*, 166 U.S. 290, 17 Sup. Ct. 540; *Hance Bros.* v. *American Railway Express Co.*, 19 N.Y.S. 530, 116 Misc. 653.

Mr. COOPER. I believe the Senator from Iowa is correct—that is with respect to one aspect of the rule of interpretation.

I believe the basic rule is set forth in the memorandum prepared by the office of the Legislative Counsel, under the title "Use of Extrinsic Aids in Interpretation of Statutes." On page 2, where the reference is to a decision by the U.S. Supreme Court in *United States* v. *Missouri Pacific Railroad Co.* (1929, 278 U.S. 269, 278); this is the language of the Court:

But where the language of an enactment is clear and construction according to its terms does ont lead to absurd or impractical consequences, the words employed are to be taken as the final expression of the meaning intended.

In other words, if there is a clear statement in the language of the bill, it is to be taken as the intent of Congress, unless that construction would lead to an absurd or impractical consequence.

So, if a court were called upon to interpret the bill, it might say, "When '9' was used, Section '3' was intended." The court would conclude that Congress did not intend to do a nullity.

But we do not know whether that interpretation would be made.

I have raised the question of whether the Senate can interpret the intent of the House. It may be said that the Senator from Oklahoma [Mr. KERR] and other Senators are not trying to do so—that they are interpreting the intent of the Senate. But a curious situation arises in this connection. The majority members of the committee voted against saying that section 5 actually referred to section 3, and supported the section 5 as it appears in the bill—referring to the nonexistent section 9. All of this illustrates that it is wise to properly correct the bill.

Mr. President, I agree with what the Senator from Iowa said, namely, that what individual Members—except the managers of the bill—say about this matter has no importance at all, insofar as interpretation is concerned. The committee report and the statements made by the manager on the floor are the sources of evidence which a court would take into consideration. What other Members may say about the intent of the bill has no value at all, except as it draws explanatory statements from Members in charge of the bill. What I say now has no legal value from the standpoint of interpretation. I can only point out to Members that we may be doing something which is improper, and which could work against the effectiveness of the bill, unless we correct in the proper way the known error in the bill.

Mr. RANDOLPH. Mr. President, will the able Senator from Kentucky yield?

Mr. COOPER. I yield.

Mr. RANDOLPH. On Friday evening the Senator from Kentucky stated his position, and he has reiterated it today. It was my understanding then, as it is now, that he believes that the inadvertent and/or technical error in numbering does not affect the substance of the House version of the bill. Is that correct?

Mr. COOPER. I say it is possible, and I will go further and say that I think it probable, if a court were required to interpret the bill, that in view of the history of the bill, it would find that it was the intent of the managers of the bill, and the House, to refer to section 3, rather than section 9. Such a conclusion is supported from the debate, and statements of Representatives BLATNIK and AUCHINCLOSS after the bill had been passed, after the mistake was discovered. That would be my judgment. On the other hand, I say there is a doubt about it which the Senate should take into account, and which places on the Senate the duty to correct the error.

Mr. RANDOLPH. May I inquire further?

Mr. COOPER. Yes.

Mr. RANDOLPH. Is it not true that the Senate's desire to agree to the House version of the public works acceleration bill is now indicated by the fact that the House bill calls for a 1-year action program, while the Senate bill called for an action program plus a standby program? And is it not true that the House bill calls for 75 percent of Federal participation in certain hardship or distress cases, the Senate bill called for 90 percent and that it is our desire to accept the House measure? These two basic differences have been resolved by the action of the Senate committee in recommending to this body that we agree to the House bill; is not that correct?

Mr. COOPER. The Senate Committee on Public Works voted to report the House substitute to the Senate with the recommendation that it pass. As the Senator knows, I offered an amendment in the committee to correct the error which was apparent in the House bill, and my amendment was defeated, being opposed by the majority Members.

Mr. RANDOLPH. Then, the Senator is saying to the Senate that there is no attempt on the part of the Senator from Kentucky to delay the passage of this legislation?

Mr. COOPER. No; I said that on Friday. Of course, I said then, and correctly, that if my amendment should be adopted, it would have the effect of sending the bill back to the House for action, or to conference. As was said so plainly by the majority whip [Mr. HUMPHREY] on Friday, that is what the majority does not want to do, because, as they have said, very clearly, they are afraid if that should happen the bill might not be acted upon by the House or in conference, and the bill might be lost.

I said that my action could be interpreted by some as a desire on my part to delay or defeat the bill because, if my amendment were adopted, the bill would go back to the House or to conference. But I pointed out that I support the bill. I voted for the bill when it was previously before the Senate. I shall vote for it when it comes up for final vote. Nevertheless, I have offered the amendment for the reasons I have stated, because I believe it is the proper course for the Senate to take—not only with respect to this bill but with respect to all legislation when the Senate knows that errors exist.

Some doubt whether the error in the bill can be interpreted and corrected by legislative history. I pointed out that, according to the rules of the courts, interpretations can come only from a committee report—and we have no committee report—or from the Senator in charge of the bill. The Senator from Oklahoma [Mr. KERR] has made his statements for the purpose of correction and showing that when the numeral "9" was used, it meant the numeral "3."

I think it was inconsistent that the Committee on Public Works did not make the correction.

I doubt if the Senate can interpret what the House meant.

So there is some danger, even if slight, that we might pass a nullity, and later, if it were questioned, a court might say, "This bill has no effect." It is doubtful whether a taxpayer could assert a sufficient interest to bring an action in court.

But if this bill were passed, the Committees on Appropriations would have to provide funds for it, and the Committees on Appropriations might raise questions.

Also, the General Accounting Office might raise a question. It could raise a question about the lawful use of the funds. I know the opinions of the General Accounting Office are advisory but I do notice in a recent report on the functions of the General Accounting Office, Senate Document No. 96, May 29, 1962, at page 5, the following statement as one of its functions:

Rendering decisions at the request of heads of departments and agencies and disbursing and certifying officers on the legality of proposed payments or transactions, which decisions are binding on the executive branch.

Perhaps this statement is a little extensive. Such a question would perhaps go to court for decision.

If the bill is passed and the President signs it, the agencies will undoubtedly do his will, and the question may never be raised about its legal interpretation. But these possible complications—and I admit they are complications that may never arise—point up the importance of the Senate acting properly, and correcting the error.

I come to my final point: Is it a wise precedent for the Senate to pass a bill knowing that there is an error in it? I am sure that many times bills are passed with errors in them, but without knowledge of the errors. They can be corrected by concurrent resolution. But I think it a bad precedent for either House to pass a bill with knowledge of errors which could affect the operation of the bill. The House found an error in the bill, but only after passage, and then Representative BLATNIK tried to secure its correction in a proper legislative manner. The usual practice is for either body of Congress to correct an error when the bill is before it, or, after the bill is passed, by concurrent resolution.

It may be said that in this particular instance the error is of no importance and that "we want to get this bill passed." But it is a bad precedent. It may not make any difference in this case, but when other bills are before us, will the Senate use this expedient again? Will it say, "It makes no difference—we will ignore the rules of the Senate and House and pass the bill"? By doing that, at some other time if not this time, we may pass a nullity, and with full knowledge.

I have raised these questions because I think they ought to be raised, because I think we are setting a bad precedent. I believe the injunction of the rule is to correct an error, and not to pass a bill with a known error.

Mr. RANDOLPH. Mr. President, will the Senator yield one more time?

Mr. COOPER. I yield.

Mr. RANDOLPH. There is no argument between the Senator from Kentucky and the Senator from West Virginia about the fact that the House as well as the Senate has approved a necessary program of public works acceleration. Is that true?

Mr. COOPER. The House has passed its bill, and the Senate passed its bill several weeks ago. Today we are considering the House bill.

Mr. RANDOLPH. Today we find that the Senate, on recommendation of its Public Works Committee, is ready to accept the House version of public works acceleration. Is that correct?

Mr. COOPER. I do not know until the vote. I assume, if that is the intention of the majority, that will be the decision. I intend to vote for the bill even if my amendment is defeated. I know that the Senator is one of the sponsors of the bill and has worked diligently and devotedly for its passage—desiring to help the unemployed of his own State, West Virginia, and in the Nation.

Mr. RANDOLPH. Mr. President, as a practical matter, the Senator from Kentucky knows that the higher education bill is now in conference. The Senate passed one version, and the House another. The conference is stymied and will, in all candor, not arrive at a method for adjusting the various ideas in the two versions. But in the case of public works the desire on the part of the Senate Public Works Committee is to eliminate a conference, accept the House version, in the two principles I have indicated, the program of projects for immediate action and the lesser Federal contribution, in certain cases.

Does the Senator from Kentucky not agree, that this inadvertence and technical difficulty on the part of the House, with no misunderstanding as to the substance of the bill that we could proceed—that is, move the bill to the White House further delay?

Mr. President, it is my belief that the Congress, both bodies having acted in the affirmative, are in accord that this vitally needed program should move forward.

The Senator from Pennsylvania [Mr. CLARK] has worked diligently on this subject. I joined with him in sponsoring the basic bill for public works. Members of the Senate Public Works Committee, chaired by Senator CHAVEZ and in the pending measure, led in floor managership by Senator KERR, are convinced that action now will aid to alleviate unemployment and strengthen the economic base of the Nation. A majority of our committee, and a majority of both branches of the national legislative forum on roll calls, have stamped approval on such an effort as we contemplate in the interest of employment and merited public construction.

Mr. COOPER. I have made by argument, and I desire to close.

I am aware that the majority wants the bill to be passed without further amendment so that it will not be necessary to send it back to the House or to go to conference.

I can understand why those who feel very strongly about the bill—as does my friend from West Virginia [Mr. RANDOLPH]—should take that position. I am in the peculiar position of being one who voted for the bill and yet saying we should not pass the bill without correcting the error. I do it on the grounds I have stated. This is not purely a technical matter. It is only technical in the sense that there was an inadvertent mistake.

Mr. PASTORE. Mr. President, will the Senator yield to me?

Mr. COOPER. I will yield in a moment.

My chief point is that this would be a precedent. If, each time the majority wants to take action it ignores the rules, then we will have created a bad precedent for the future. In this case it might not be very important. But in the future bills might come before the Senate respecting which the majority, whether Democrat or Republican, with all its powers, might say, "We will bypass the rules and prevent the bill from going to the House again, and thereby have our way."

I do not think it is right in this case, or for the future.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. PASTORE. I agree with nearly everything the Senator from Kentucky has said. The Senator knows that many times I have been on his side.

Mr. COOPER. Yes, many times.

Mr. PASTORE. I know how meticulous the Senator is as to legislation and how learned he is in the law. I think he has raised a very valid point.

If the Senator from Rhode Island has one fault, it is a frankness in speaking on issues. He is not prone to be ambiguous, cagey, or even diplomatic, at times.

Mr. COOPER. I recognize and admire the Senator's frankness.

Mr. PASTORE. I feel this goes beyond what the committee under other circumstances would like to do. I think we must decide today whether we will accept a slight imperfection, with all of its consequences—which I do not think would be very serious—or whether we shall have no bill at all. To be frank about it, that is the question which confronts us.

If the bill has to go back to the House or has to go to conference, we will be sending it to its coffin. That is about the size of the problem.

That is the reason why the Senator from Rhode Island is willing to stomach this little imperfection today, and he hopes that it will not become a precedent.

I subscribe to everything the Senator from Kentucky has said. It would be a wonderful thing to correct the imperfection, if that could have been done in the House as the House leadership desired. But on a single objection it was not allowed to be corrected in the House. If we correct it in the Senate, the bill will have to go back to the House or have to go to conference, and it will go to its grave.

I think the bill is too immediately important for that, because many States are suffering from severe unemployment. This is a most important bill. We have long since argued its merits in the Senate, and we have already approved it.

I agree with the Senator from Kentucky. I think meticulously and technically he makes a valid point. He has everything in his favor. He is not hostile to the measure because he voted for the bill, when many other Senators did not. I voted them as he did. It is important here and now to take action. I would hope that the bill could be passed in the Senate in such a way as to send it to the President directly, because at this late stage, I fear that if we do not do that we will not have a bill at all. We would be denying help to distressed areas—to unemployed human beings for whom this bill holds out material practical hope in the fastest fashion.

Mr. KERR. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. KERR. Does the Senator want to correct the bill or defeat the bill?

Mr. COOPER. I have stated my position. I support the bill—and supporting it, want it to be correct. I know the Senator will give me full faith and credit.

Mr. KERR. I do. I was not present when the Senator stated his position.

Mr. COOPER. I said on Friday that I could understand very well that my amendment might be interpreted by some as being a desire to send the bill back to conference or to the House and delayed. I know it could be interpreted in that way if someone outside the Senate desired to do so—but I do not believe it will be interpreted that way in the Senate. I have advocated a reasonable public works bill for several years. We did not agree on the exact terms when the bill was before the committee. I offered amendments, as the Senator knows, but I voted for the bill. I intend to vote for this bill.

I have raised this question because I thought it was my duty to do so, and because I think that if we do not correct the error it will be a bad precedent.

The majority has great power. If it can say this in a particular case, because there is a difficult situation in the House which might result in trouble, then—not particularly with respect to this bill, but with respect to some other bill—it can say, "We will ignore the rules." I can visualize a situation in which some majority in the future—whether Democratic or Republican—could impose its will.

Mr. KERR. If the amendment, if adopted, would defeat the bill, or would be likely to defeat the bill, would the Senator still want to have it adopted?

Mr. COOPER. The Senator has asked me a question difficult to answer. I offered the amendment for the reasons I have stated. I do not want to see the bill defeated.

If I were a member of the majority—and there is a great majority—I would have greater confidence. I assume the majority can defeat the amendment I have offered, and will pass the bill. If my amendment should be adopted, and if the bill should go to the House, I would say, if I were a member of the majority, considering the size of the majority, I would have more confidence in my majority than my distinguished friend and his colleagues on the other side seem to have. I am showing more confidence in the majority being able to pass the bill in the House, with my simple amendment which does not change the substance of the bill, than are many majority Senators, as indicated by their arguments.

I have offered my amendment in good faith. It was offered for the same purpose that Representative BLATNIK offered his motion in the House. The purpose is to try to correct a known error and avoid an unfortunate precedent. I have offered it also because I think there is always the possibility—I do not think too much of a possibility in this case—that if we should pass the bill, and if this difficulty were not cleared up, it might be questioned.

Mr. KERR. Mr. President, will the Senator yield for a question?

Mr. COOPER. I yield.

Mr. KERR. If it should be determined there were a question about the matter, the Senator is aware of the fact that we could attach an amendment to the omnibus bill which will come before us in a few days.

Mr. COOPER. I think it could be so amended.

Mr. KERR. Does the Senator remember that, 3 or 4 years ago the TVA financing bill was passed?

Mr. COOPER. Yes. The Senator and I were working closely together on that measure.

Mr. KERR. I was working with the Senator for the benefit of his area, not mine.

Mr. COOPER. I uderstand that and am grateful. I doubt that the TVA bill would have passed without his leadership.

Mr. KERR. Does the Senator remember that at that time the President of the United States said, when the bill came to him, that he was going to have to veto it because of one clause which had to do with executive power?

Mr. COOPER. I remember it very well.

Mr. KERR. Does the Senator remember how that difficulty was resolved?

Mr. COOPER. I believe it was resolved by an amendment to the same bill.

Mr. KERR. If the Senator will permit me, I will refresh his memory. The Senator from Oklahoma, in conjunction with the Senator from Kentucky and the Senator from South Dakota, the late great Francis Case, who was with us then, discussed the question with a Presidential assistant, Mr. Merriam, and another Presidential assistant, Mr. Harlow.

We obtained assurances from the leadership in the Senate and from the leadership in the House so that the President would sign the bill, although it had a clause which was basically objectionable to him, when otherwise he would not have been willing to sign the bill.

As a result of the cooperative effort by the Senator from Oklahoma, along with the Senator from Kentucky and others, with the leadership in the House and the Public Works Committee in the House, and the leadership in the Senate and the Public Works Committee in the Senate, a joint resolution or a concurrent resolution—I have forgotten which—the President was assured, would immediately be passed to correct the language. Then President Eisenhower went ahead and signed the bill, and within 24 hours, the Congress passed the concurrent resolution making the law the way he wanted it.

Mr. COOPER. I remember the circumstances very well. In fact, I remember that the late Representative from Tennessee, Mr. Reece, and Representative BAKER from Tennessee, and I went to the White House and talked with President Eisenhower. We urged him, as did our leadership, both Democratic and Republican, to sign the bill upon the assurance that later the concurrent resolution would be passed. He did sign the bill.

Mr. KERR. Does the Senator not believe there was a much more substantial correction involved as to that legislation that would be involved in this instance?

Mr. COOPER. Absolutely. It was vital to the TVA self-financing bill. I think that case was a little different. There was no objection on either side to the proposed legislation.

Mr. KERR. The Senator is aware of the fact that the leadership on his side did not object to the request of Representative BLATNIK.

Mr. COOPER. Objection was made.

Mr. KERR. Not by the leadership on the Senator's side

Mr. COOPER. The Senator is correct. Objection was made by Representative GROSS of the minority. The problem was transferred to the Senate. If it should become necessary to agree to a concurrent resolution, the majority would have the same problem we are facing today.

Mr. KERR. If necessary, the Senator from Kentucky and the Senator from Oklahoma, working together, might be able to obtain adoption of a little amendment to the omnibus bill.

Mr. COOPER. The concurrent resolution would have to be agreed to by the House. There might be some objection there.

Mr. KERR. I am not indicating that the correction should be made by way of concurrent resolution. If the bill were found to be faulty and an amendment were required, I merely ask the Senator if he and I working together with the other members of the Committee on Public Works on the omnibus bill would not have a very good prospect of having such an amendment agreed to.

Mr. COOPER. I think we could have it adopted in the Senate. I do not know about the House. The Senator is a most persuasive man.

Mr. KERR. I have only one more question to ask my friend from Kentucky. He knows that Kentucky would probably be one of the States that would benefit the most from the bill.

Mr. COOPER. I know that. I am very aware of it. Several years ago, when President Eisenhower was President, I proposed several times to our leadership and to the President that a moderate public works program be developed for distressed areas. I have supported such a proposal again and again. One of the reasons for my support arises from conditions in my State, particularly the eastern section of Kentucky, in which I live, and which I know intimately. I am fully aware of its problems. I support the bill because I believe there is a hard core of unemployed in my State and in many other States. I do not want them to go unhelped. I support the bill.

Mr. KERR. The Senator is aware of the fact that Kentucky would benefit much more from the bill than would the home State of the Senator from Oklahoma.

Mr. COOPER. I understand that. I know the great good will of the Senator from Oklahoma toward my State and other States. I know that such feeling is genuine on his part. I know that my amendment may appear to be technical. I am not what might be called a nit picker. Senators know that. But I have raised the question for reasons which are more substantial.

Since our dear friend, Senator Case, of South Dakota is dead and I am now in the position once occupied by him, I have the responsibility to raise substantial questions which have been raised by other minority members. If I did not do so, I do not think they would have much faith in me. They must trust me to look after their interests in the Public Works Committee.

If I did not think the point had any substantial import, and yet Senators on my side wished to raise a question, in such a case I would leave it to another Senator. But in this case I believe that under the rules of the Senate, it is an error which should be corrected.

I do not claim to be one of the great rulemakers of the Senate. But I can see we might get into a situation where, because of expediency, the Senate might begin to ignore its rules. To do so would be bad and would give power to any current majority which is not good.

Mr. KERR. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. KERR. Which rules of the Senate does the Senator think are involved?

Mr. COOPER. I think my proposition is inherent in the rules. In practice, errors have been corrected by action of either body before the bill has been passed. But if the bill has been passed and a mistake is discovered, under the precedents the mistake has been corrected by a concurrent resolution.

I call the Senator's attention to rule XIV, paragraph 5, which relates to the enrollment of bills. The Secretary of the Senate is required to examine all bills which have been passed by both

Houses to see that they are correctly enrolled. I should like to make clear that I do not think the Secretary could change a bill. He would have to enroll it as passed, even with an error, if it should contain one.

But the rule with respect to the enrollment of bills indicates that it is the desire of the Senate to pass correct bills. If there were no rules, commonsense would tell us that we should do so.

Mr. KERR. Does the Senator think that the most the Senate can do with reference to this error, in the absence of changing it by an amendment, is to make a legislative history setting forth what it really should be?

Mr. COOPER. I have discussed that point. Legislative history comes into play in discovering the purpose intended, when a mistake in a bill which has been passed is discovered. A court may look to the legislative history. I think it is straining the point to make legislative history to explain an error which the body itself will not correct. I believe that is rather unusual.

Mr. KERR. If the body feels that the error is purely technical and inconsequential, and one which is impossible of any other interpretation than that given by the legislative history, does the Senator think we would still be straining at a point to do it in that way? There is no section 9 in the bill.

Mr. COOPER. I understand. I have discussed that point. I have pointed out that even though there were no explanation of the point at all, if it were ever examined by a court, the court would probably look at the whole record and say that the House did not intend to pass a nullity and would give the law effect.

Mr. KERR. That is correct.

Mr. COOPER. I have said, however, that I doubt that a Senator can explain what the intent of the House would be. I doubt that there are many cases in which either body knowingly voted out a bill with errors in it. It is entirely different from voting bills containing inadvertent errors.

And, I think it is a bad precedent if a majority can determine, when it desires, to work its will against the rules or against the spirit of the rules to secure the passage of a bill. I do not think that is good.

I doubt that the Senator, with his great knowledge of legislation and our governmental system, believes it was intended in our system of government, in which protections are given to the minority, that a majority should bypass customary procedures when it desires to impose its will upon the minority. I happen to be for the bill. But in my judgment, to bypass the customary procedure would not be a good thing and would establish a bad precedent.

Mr. KERR. Mr. President, I thank the Senator for his forbearance, patience, and kindness to the Senator from Oklahoma in regard to the matter of the majority imposing its will on the minority. He is in as good a position as any Senator to know that the Senator from Oklahoma, through all the years he has been a member of the Public Works Committee, has sought and secured with the minority on that committee accommodations on legislation, so far as I know, on every bill that has ever passed out of that committee with the exception of the public works bill reported from the committee earlier this year. I believe the Senator will vertify the statement that for more than 13 years the distinguished late Senator Case of South Dakota, who sat as the ranking minority member of that committee—the position now occupied by the distinguished Senator from Kentucky—and the Senator from Oklahoma worked together on that committee, and, without exception, until the one bill this year, resolved their differences, not on a partisan basis, but in a manner that was acceptable both to the Senator from South Dakota and the Republican minority, when they were in the minority, and the Senator from Oklahoma and the Democratic majority, when they were in the majority.

The Senator from Oklahoma feels that if there ever was an example of bipartisan cooperation, and if there ever was a complete absence of the majority being in the posture of merely passing a bill the way it wanted to pass it, in spite of the way the minority felt about it, that is the situation which has prevailed in the Public Works Committee.

Mr. COOPER. I agree with the Senator. My experience on the committee confirms what the Senator has said. When I referred to the majority imposing its will on the minority, I was not talking about the Senator from Oklahoma or in a personal sense at all. I have found him always fair and considerate of all of us who are members of the committee and in every other way. I was not placing emphasis on this particular case, or on a Democratic majority. I was referring to creating a precedent which could lead to that kind of situation in the future. I assure the Senator that I have no personal reference to him. I believe he knows that, for we have worked together on many issues.

Mr. KERR. I have one more question, if the Senator will yield.

Mr. COOPER. I yield.

Mr. KERR. I am sure it is not true, but I would like to have the Senator's comment on whether in this case, the minority, armed with a technicality, is seeking to impose its will on the majority.

Mr. COOPER. That is not my purpose. That is always possible, except that in this case I believe we are probably armed with the rules.

Mr. KERR. I see. I thank the Senator very much.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Kentucky.

Mr. MILLER. Mr. President, I rise in support of the amendment. I have a few comments to make on what the distinguished Senator from Kentucky has stated.

I note that the opponents refer to the error as being a slight imperfection, technical in nature. I suggest that that might be so in their opinion, but a court of law might look upon it in an entirely different light. I might also add that this involves a very deep and significant problem, far from a slight imperfection. The problem we have is not slight by any means. The reason is that this issue goes to the very heart of the separation of powers between the legislative and judicial branches of the Government. If we reject the amendment, we are, in effect, saying to the separate and independent judicial branch of the Government, "You will legislate for us. We have made an error. We have made it deliberately and knowingly and in violation of what we interpret to be the best traditions of this great legislative body."

"Now, because we have made an error and have deliberately made it, but because, incidentally, we have indicated that we do not think the error is very important, you will interpret it the way we like to have you interpret it, and we will leave it up to the court to fill in the gap."

I can very well understand a court of law saying:

"We will not be told by the legislative branch of the Government what to do. We will be only too happy to cooperate with the legislative branch of the Government in the case of an inadvertence or an oversight. However, we do not want you to come to the judicial branch of the Government with a deliberate error and ask us to legislate for you."

There is another point that I believe should be mentioned. I cannot understand the suggestions being made that the adoption of the amendment might represent the will of the minority overcoming the will of the majority. I cannot understand the concern about adding the amendment to the bill, and then having the bill committed to a coffin, to use the phrase of the distinguished Senator from Rhode Island. I suggest that if that is the attitude to be taken, perhaps that is one more reason why the court should interpret the legislative intent on the House side to be opposed to the bill. As I said last Friday, the court could well conclude, if this bill could not be passed on the second consideration in the House, that some of the Members who voted for it in the first instance, knowing of the imperfection, expected it to die in that fashion.

Now that the imperfection has come to light, the court could conclude that the House would be in the position where it would almost have to vote against it the second time.

If the bill has merit, it will not be difficult to pass it the second time in the House. I cannot understand all the concern about the amendment. What we ought to do is live up to our legislative responsibility. That is a part of the tradition of this body. To pass the bill with an unwillingness to correct an imperfection, with the opportunity to make that correction, violates the tradition of this body, of which I am privileged to be a Member.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Kentucky.

Mr. COOPER. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. COOPER. Mr. President, on my amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Kentucky [Mr. COOPER] for himself and the Senator from Iowa [Mr. MILLER] to the House amendments to the bill, S. 2965. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from North Dakota [Mr. BURDICK], the Senator from Nevada [Mr. CANNON], the Senator from Connecticut [Mr. DODD], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Indiana [Mr. HARTKE], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Montana [Mr. METCALF], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Florida [Mr. SMATHERS], and the Senator from Massachusetts [Mr. SMITH] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Colorado [Mr. CARROLL], the Senator from Idaho [Mr. CHURCH], the Senator from Alaska [Mr. GRUENING], the Senator from Wyoming [Mr. HICKEY], the Senator from Missouri [Mr. LONG], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

On this vote, the Senator from Alaska [Mr. BARTLETT] is paired with the Senator from South Dakota [Mr. BOTTUM]. If present and voting, the Senator from Alaska would vote "nay" and the Senator from South Dakota would vote "yea."

On this vote, the Senator from Nevada [Mr. CANNON] is paired with the Senator from New Hampshire [Mr. COTTON]. If present and voting, the Senator from Nevada would vote "nay" and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Colorado [Mr. CARROLL] is paired with the Senator from Hawaii [Mr. FONG]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from Hawaii would vote "yea."

On this vote, the Senator from Connecticut [Mr. DODD] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from Kentucky would vote "yea."

I further announce that, if present and voting, the Senator from Indiana [Mr. HARTKE], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Missouri [Mr. LONG], the Senator from Montana [Mr. METCALF], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Florida [Mr. SMATHERS], the Senator from Massachusetts [Mr. SMITH], and the Senator from Missouri [Mr. SYMINGTON] would each vote "nay."

On this vote, the Senator from Tennessee [Mr. GORE] is paired with the Senator from New Hampshire [Mr. MURPHY]. If present and voting, the Senator from Tennessee would vote "nay" and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from Kansas would vote "yea."

On this vote, the Senator from North Dakota [Mr. BURDICK] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from North Dakota would vote "nay," and the Senator from Indiana would vote "yea."

On this vote, the Senator from New Mexico [Mr. ANDERSON] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Utah would vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN] is absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], the Senator from Indiana [Mr. CAPEHART], the Senators from New Hampshire [Mr. COTTON and Mr. MURPHY], the Senator from Illinois [Mr. DIRKSEN], the Senator from Hawaii [Mr. FONG], the Senator from New York [Mr. JAVITS], the Senator from Kentucky [Mr. MORTON], and the Senator from Kansas [Mr. PEARSON] are necessarily absent. If present and voting, the Senator from Vermont [Mr. AIKEN] would vote "yea."

On this vote, the Senator from Utah [Mr. BENNETT] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Utah would vote "yea" and the Senator from New Mexico would vote "nay."

On this vote, the Senator from South Dakota [Mr. BOTTUM] is paired with the Senator from Alaska [Mr. BARTLETT]. If present and voting, the Senator from South Dakota would vote "yea" and the Senator from Alaska would vote "nay."

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from North Dakota [Mr. BURDICK]. If present and voting, the Senator from Indiana would vote "yea" and the Senator from North Dakota would vote "nay."

On this vote, the Senator from New Hampshire [Mr. COTTON] is paired with the Senator from Nevada [Mr. CANNON]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from Nevada would vote "nay."

On this vote, the Senator from Hawaii [Mr. FONG] is paired with the Senator from Colorado [Mr. CARROLL]. If present and voting, the Senator from Hawaii would vote "yea" and the Senator from Colorado would vote "nay."

On this vote, the Senator from Kentucky [Mr. MORTON] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Kentucky would vote "yea" and the Senator from Connecticut would vote "nay."

On this vote, the Senator from New Hampshire [Mr. MURPHY] is paired with the Senator from Tennessee [Mr. GORE]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from Tennessee would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Alaska would vote "nay."

The result was announced—yeas 30, nays 38, as follows:

[No. 249 Leg.]

YEAS—30

Allott	Goldwater	Prouty
Beall	Hickenlooper	Proxmire
Boggs	Hruska	Robertson
Bush	Jordan, Idaho	Saltonstall
Butler	Keating	Smith, Maine
Byrd, Va.	Kuchel	Thurmond
Carlson	Lausche	Tower
Case	McClellan	Wiley
Cooper	Miller	Williams, Del.
Curtis	Mundt	Young, N. Dak.

NAYS—38

Bible	Johnston	Muskie
Byrd, W. Va.	Jordan, N.C.	Pastore
Chavez	Kefauver	Pell
Clark	Kerr	Randolph
Douglas	Long, Hawaii	Russell
Eastland	Long, La.	Scott
Ellender	Magnuson	Sparkman
Engle	Mansfield	Stennis
Ervin	McCarthy	Talmadge
Hart	McGee	Williams, N.J.
Holland	McNamara	Yarborough
Humphrey	Morse	Young, Ohio
Jackson	Moss	

NOT VOTING—32

Aiken	Dirksen	Long, Mo.
Anderson	Dodd	Metcalf
Bartlett	Fong	Monroney
Bennett	Fulbright	Morton
Bottum	Gore	Murphy
Burdick	Gruening	Neuberger
Cannon	Hartke	Pearson
Capehart	Hayden	Smathers
Carroll	Hickey	Smith, Mass.
Church	Hill	Symington
Cotton	Javits	

So the amendment of Mr. COOPER (for himself and Mr. MILLER) was rejected.

Mr. KERR. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MILLER. Mr. President, I have an amendment at the desk which I call up and ask to be read.

The ACTING PRESIDENT pro tempore. The amendment offered by the Senator from Iowa will be stated.

The LEGISLATIVE CLERK. It is proposed at the end of the bill to add the following new section:

SEC. 7. This Act shall take effect November 15, 1962.

Mr. MILLER. Mr. President, the purpose of my amendment is to require that action under this legislation not take

place until after the fall elections. That is why the date of November 15 is specified.

The Senate is aware of the fact that during the House consideration of this measure some rather serious indictments were made by certain members of my party regarding the action which might be undertaken under the bill. The phrase "political slush fund" was used, for example.

The Senator from Iowa does not use that indictment and is not indicting anyone. The point to be made is that this is a very important bill in the minds of many people. It is a very expensive bill, and I do not believe it ought to be passed with any stigma or any atmosphere of party politics attached to it.

It will be passed in the Senate with some bipartisan support. The able Senator from Kentucky [Mr. COOPER] has previously indicated that he intends to support the bill, as he has in the past. When there is bipartisan support of a measure such as this, I think it is asking little enough to make absolutely certain that it does not interfere with or become an issue in the elections this fall.

I have in my hand a copy of the September 11, 1962, issue of the Washington World, and in it is an article entitled "Proof Grows of President's Power Policies." One of the incidents cited in the article is that of a Republican Member of the House Publics Works Committee who was told by an agency official that it would be unfortunate if he opposed the public works bill—now before us—in committee because then projects planned in his district would be canceled.

There is no authority cited for that statement. The name of the Representative concerned is not given. At most, it could be classified as hearsay. But all of us have heard of some undercurrent of pressure which exists, and which should not exist.

I ask unanimous consent that the article to which I have referred from the Washington World be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PROOF GROWS OF PRESIDENT'S POWER POLICIES

In Washington, there is increasing talk and a growing cause for alarm over this New Frontier power policy: If they don't agree with us, blackjack them into submission.

Much of the concern over the Kennedy administration's pressure politics has remained hidden, but some has bubbled to the surface. The power of the Presidency has been felt in the press, the public, the business community and, particularly, in the Congress.

Says Representative BRUCE ALGER, Republican, of Texas: "This Congress must remind President Kennedy that he is an elected head of the state, not a ruler by divine right nor one maintained by armed force."

Says Representative STEVE DEROUNIAN, Republican, of New York: "He was inaugurated President and not coronated king."

Senator ROBERT S. KERR, Democrat, of Oklahoma, incensed by the New Frontier's "influence by pressure" policy, told the Senate recently that he honered the President, but he honored the wishes of the people of Oklahoma even more.

Just what is this all about? Who's being pressured? How are they being pressured? Why are they being pressured?

The world has probed into the situation, sifting fact from gossip. Some of the information is from material compiled by the obviously concerned House Republican policy committee, but much of it is from Democrats, who also are repulsed by the idea of being bludgeoned into legislative submission.

Characteristic of the pressure is the fact that many Congressmen involved, although angry, still asked that their names be withheld for fear of provoking further reprisals.

Here is the eye-opening story:

HIS "BLACKJACK" EXTENDS TO CONGRESS AND VOTERS

President Kennedy in 1960 took to the American people a racy, wide-ranging legislative program. He promised action, if elected President.

Since assuming the Presidency, Jack Kennedy has had a tough time trying to get action in the Congress. He has had to marshal all the forces at his command to acquire support for his programs.

This has not been easy, nor has the effort been limited to Washington, D.C.

Couples applying for marriage licenses in heavily Democratic Chicago have been asked to sign petitions favoring the administration's medical care proposal.

Postmasters in Mississippi recommended by Congressman JOHN BELL WILLIAMS, Democrat, of Mississippi, couldn't get their nominations—because of some of WILLIAMS' votes opposing New Frontier programs.

Defense contractors in Michigan jumped on the phone to call their Congressmen in response to calls from the Department of Defense threatening cancellation of contracts unless a pet Kennedy project received House approval.

A St. Petersburg, Fla., newspaper reported that Democratic Congressmen in that State had been threatened with a loss of contracts, patronage, and even public works projects unless their voting records "improved" to the Kennedy administration's satisfaction.

One bitter Congressman describes the blackjack schemes as nothing more than "pressure, purchase, and promises."

The Democratic leadership was having difficulty in rounding up votes for the minimum wage bill. It was decided to dangle some bait: special standards for wreathmakers, processors of "shadegrown tobacco," workers employed as cotton ginners, radio station employees in cities of less than 100,000—all designed to attract individual votes. Even so, a Republican substitute won out.

Sometimes the pressure gets down to almost bare-knuckle tactics.

A Republican member of the House Public Works Committee was told by an agency official that it would be unfortunate if he opposed the standby public works bill in committee because then projects planned in his district would be canceled.

A prominent House committee chairman, admittedly cool to many New Frontier proposals, has become more friendly to the administration—after a series of discussions with the Attorney General about efforts to merge some of his business interests.

A day before the final vote on the House farm bill was scheduled, the administration sent out the big guns, dangling patronage and other plums. Postmaster General Day and Secretary of Agriculture Freeman made the speaker's lobby a miniature White House for consultation with members reported on the fence.

MINORITY VIEWS ON FARM BILL PRESSURE

Minority members found so much pressure exerted on the administration's farm bill that they prefaced their views in the committee report:

"The administration has finally forced its bill (H.R. 11222) out of the Committee on Agriculture only by the repeated application of intense political pressure, the like of which we have never witnessed in the past.

"In spite of this pressure, the bill just barely cleared the committee (which is controlled by a margin of 21 to 14 by the majority) by a vote of 18 to 17 with one proponent publicly stating that he would oppose the bill on the floor of the House. And this action came only after three desperate attempts to report the bill on April 13, May 2, and May 7, 1962."

At one time, when it appeared the farm bill would never get out of committee, a Democratic committee member received a phone call from President Kennedy.

An inside-the-committee source reports that the Congressman was told that, unless he voted to report the bill, he would be defeated by whatever means possible in his upcoming Alabama primary election.

The administration was pinning its prestige on the farm vote and a count of noses disclosed that the vote would be close. Things got rough:

A Democratic Member from the Southwest, who sought to vote in the well of the House, was almost forcibly removed from the front of the Chamber until the leadership got the idea he would support the administration. (Once he was given the opportunity to vote, he instead supported the Republican recommittal motion.)

Representative OTIS PIKE, Democrat, of New York, issued a news release the day of the voting in which he called Democratic pressures on him "arm twisting" of the worst sort. He said the Post Office Department, which had several new branches pending in his district, sent a representative to discuss the farm bill in relation to construction of the mail facilities.

Pressure on the Democratic majority Members became so great that even an amendment providing that the total number of employees in the Department of Agriculture shall at no time exceed the number of farmers in America, was defeated 230 to 171.

Mr. MILLER. Mr. President, I would not be inclined to put my amendment to a vote if we could have the assurance, which I think we should have, that the administration of this piece of legislation, if it becomes law, will be carried out impartially, without favor or pressure, regardless of the party in control of a certain congressional district, regardless of the votes or attitude of the Member of Congress from that particular district or State, so that it can be said that this is a piece of legislation passed by the Congress with bipartisan support which will be administered in the same spirit in which it was passed.

I would appreciate the comment of the Senator from Oklahoma, as Senator in charge of the bill, with respect to this policy. I have nothing more to add at this time.

Mr. KERR. Mr. President, I want to say to my good friend from Iowa that I have searched this bill, and I have not discovered anything in it that would be helpful to the Senator from Oklahoma. If it would help, I would happily give the assurance the Senator has asked for. As far as the Senator from Oklahoma is concerned, it will be his purpose and he will do everything in his power to bring about the situation the Senator from Iowa has indicated should be the case.

I am sure he is aware of the fact that anything the Senator from Oklahoma

might say would not be binding on the President of the United States. It is not binding even on the Senate. But the Senator from Iowa has expressed the hope and the belief of the Senator from Oklahoma. Certainly, it is the purpose of every Senator that I know of in favor of this bill that its benefits shall be as widespread as it is possible to make them with the amount to be appropriated, and that such benefits be made available in the form of jobs and improvements in the areas that need them, whether they are represented in the Congress of the United States by Democrats or Republicans. It would be very difficult to find many areas in the United States that did not have some relationship, not only to Republican or Democratic representation, but to Republican representation.

The Senator from Iowa knows that on the Public Works Committee projects offered there not only by the Republican members of the committee, but also by Republican Members of the Senate, are treated with the same consideration and the same favorable attention, and adopted just as easily, as are the projects sought by the Democratic Members.

I cannot look in any direction on the other side of the aisle without looking into the faces of Senators—including the face of the Senator from Iowa—who can verify that statement.

So far as the Senator from Oklahoma is concerned, it will be his hope and wish—and to the extent that his recommendation would have any effectiveness, the recommendation to make it so—that the bill be administered on a basis which is above partisan politics, because it deals with distressed human beings.

I am aware of the fact, I say to the Senator in all candor, that there are more distressed Democrats than there are distressed Republicans. I am perfectly aware of that fact, but so far as I am concerned anything I can do will be in the effort to achieve the purpose that there be no partisanship in the administration of this measure.

Mr. MILLER. Mr. President, I appreciate the comments by the Senator from Oklahoma. I confirm what the Senator has said regarding the attitude which has prevailed on the Public Works Committee of the Senate while I have been privileged to be a member. However, the Senator knows that the attitude in that committee does not necessarily carry over, and unfortunately probably does not carry over, to certain areas of the administration.

I recognize, and I am sure the Senator from Oklahoma recognizes, that the line between unfortunate unemployed human beings, with respect to authorized projects with about the same need factor, can be very thin. Apparently, there has been, down through the debate on this amendment, considerable concern expressed over the possibility that that line would be drawn in such a way that a representative of the Democratic Party in a particular district would find a project being advanced in his district, whereas a Republican in another district might find the same type of project, with the same human beings involved, not authorized.

I recognize that the Senator from Oklahoma cannot tell the executive branch of the Government what to do, any more than the executive branch can tell the Senator from Oklahoma what to do, but I do believe that if the intention of the Senate is expressed, as the Senator from Oklahoma has so excellently expressed it, the administrators of these projects will think a long time before they seek to vitiate the intention that has been so ably expressed.

I thank the Senator from Oklahoma for his comments.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. MILLER. I yield to the Senator from Nebraska.

Mr. HRUSKA. I wonder if the Senator from Iowa recalls the disclosures and the discussion on the floor of the other body with reference to the administration of the food stamp plan. It might have been that the 25 congressional districts represented by Democratic Representatives were fully deserving of the food stamp plan and all that went with it. I have an idea they were. I have an idea that the findings by the Department of Agriculture, which administered that plan, were to the effect that the people there should have received the benefits of the food stamps.

However, it developed also in that discussion that there was only one congressional district represented by a Republican Representative which received the benefits of the food stamp plan.

That might have been coincidence. It might have been on the basis of a very fine analysis of all the economic factors which existed. But there were some people who were a little skeptical about the matter of coincidence in that particular case. Some skepticism, and even cynicism, was expressed with respect to some of the remarks made on the floor of the other body.

Has the Senator from Iowa the idea that perhaps another incident of like nature might occur?

Mr. MILLER. I say to the able Senator from Nebraska that the coincidence to which he referred is but one of several which have arisen within the past 18 months which give cause for concern about the impartiality of the administration on some of these projects and programs, when they affect human beings, regardless of party affiliation. I appreciate the Senator's bringing this to the attention of the Senate.

I suggest, however, that at the time the food stamp plan was debated, probably the same legislative attitude was not elicited from the Senator in charge of the bill as has been done today. If we were dealing with the food stamp plan on the floor today and the able Senator from Oklahoma were in charge of that bill and gave the same assurances in that respect as he has just now given to the Senate with respect to the pending bill, probably the abuses the Senator indicated would not have happened with respect to the food stamp plan. If they did occur, I do not think it would be very long before they were stopped. That is why I appreciate the comments and the attitude of the Senator from Oklahoma.

Mr. HRUSKA. I thank the Senator from Iowa.

Mr. KERR. Mr. President, I ask unanimous consent that the RECORD reflect it to be the sense of the Senate that this bill be administered on a basis that will be free of any partisan favoritism by any agency of the Government having responsibility under it.

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). Is there objection to the request by the Senator from Oklahoma?

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. KERR. I yield to my friend.

Mr. CHAVEZ. The next bill which is to come before the Senate is the highway bill, or the road bill. I know that bill is going to be administered, as to the building of highways, just as well in Republican States as it will be administered in Democratic States. Roads are going to be built everywhere.

Mr. KERR. Mr. President, I very much fear that the statement by the Senator from New Mexico is entirely accurate.

Mr. HICKENLOOPER. Mr. President, what was the Senator's request? The Senator made a unanimous consent request.

Mr. KERR. Will the reporter read it, please?

The Official Reporter (Julian R. Serles, Jr.) read as follows:

> Mr. KERR. Mr. President, I ask unanimous consent that the RECORD reflect it to be the sense of the Senate that this bill be administered on a basis that will be free of any partisan favoritism by any agency of the Government having responsibility under it.

Mr. KERR. My unanimous consent request, Mr. President, is that that be shown as a part of the legislative history on the bill.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Oklahoma?

Mr. HUMPHREY. Mr. President, reserving the right to object, it seems to me that legislation has been administered in a manner which was honorable and objective, and I do not think any unanimous consent request ought to imply that there might be anything to the contrary. I know that that is the feeling of the Senator from Oklahoma, as he has expressed himself earlier.

The charges which are made about partisanship in the administration of these measures are without foundation in fact. The food stamp plan, for example, is administered in areas where there is distress. Frankly, it ought to be broadened, but it is a pilot program under authority of the Congress. It does not have broad range authority.

Members of Congress who are sharply critical of the food stamp plan and of its administration never voted for it in the first place.

I do not "buy" the argument that partisanship has been involved. To the contrary, there has been no partisan-

ship. I think the Senator from New Mexico made it quite clear that in respect to the largest public works program we have, the road program, there has been administration on an objective, honorable, sensible basis. Any other program would be administered in the same way.

However, this program is directed in part toward those areas of the country in which there is serious unemployment. If such areas happen to have Democratic Representatives in Congress or Democratic Senators, I do not think anyone ought to say that it is partisan, and therefore the program cannot be made to work. Furthermore, I suggest it is pretty difficult to determine what areas are Democratic and what areas are Republican. Anybody who has been through an election knows that.

In my State it is pretty well divided. Yet it may shift. We have a Republican Governor. Two-thirds of our delegation are Republican representatives. How are we going to administer a program there on a partisan basis? I suppose that if we get a project in Minnesota, it will be charged that it was designed to help Republicans because we have a Republican Governor. However, we do not intend to be burdened with him too long.

Mr. KERR. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. KERR. I wonder if the Senator will withhold his partisan speech until I get unanimous consent on my bipartisan request.

Mr. HUMPHREY. In light of the Senator's most magnificent suggestion, I say that I was not making a partisan reference. I recall the partisan attack which has been made. I do not consider my reference partisan at all. I submit there is no evidence that there has been any partisanship in the administration of the food stamp plan or the other plans that have been offered. There surely has been none in the Area Redevelopment Administration.

I am not going to object to the Senator's request, but I do not believe that the Senate ought to agree to a resolution providing that it is the sense of the Senate that the President should be honest. The President of the United States has done a good job.

Mr. KERR. Mr. President, I do not yield for that purpose.

The PRESIDING OFFICER. Is there objection to the request?

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. HRUSKA. Does the Senator have an idea, at the conclusion of the subject, that his unanimous-consent agreement might result in a veto for the reason stated by the Senator from Minnesota?

Mr. KERR. I do not think it would result in a veto. I did not ask for the adoption of a resolution. As the Senator from Minnesota indicated, no resolution is involved. I merely asked unanimous consent that it be recorded in connection with the legislative history of the bill that it is the sense of the Senate that the law be administered without partisan favor or discrimination.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. HICKENLOOPER. Reserving the right to object—and I do not intend to object—I thought a statement of the Senator from Oklahoma was very fair and fine. But I call the attention of the Senator from Oklahoma to the fact that if the unanimous-consent request to indicate the sense of the Senate does not have the force and effect of law, the very bill that we are acting upon, in connection with which the proponents are attempting to make a soliloquy or discussion on the floor of the Senate to substitute a portion of a measure that is not even in the bill and give that the force and effect of law would fall.

Mr. KERR. Mr. President, I withdraw my request.

Mr. HICKENLOOPER. I make no objection.

Mr. KERR. I withdraw my request.

Mr. HICKENLOOPER. I am merely pointing out that it is either law both times or it is not law either time.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. KERR. I yield.

Mr. HOLLAND. Am I correct in my understanding that the bill would involve no back-door financing, but merely authorizations for appropriations?

Mr. KERR. That is correct.

Mr. HOLLAND. Am I correct in my understanding that, unlike the Senate bill passed several months ago, against which the Senator from Florida voted, the bill provides for only one program——

Mr. KERR. One year.

Mr. HOLLAND. A 1-year program to be now authorized by the Congress itself, rather than to have two programs, which the prior bill contained, one of which would be authorized by the Congress to take effect immediately, but the other of which would have been authorized to be set up at the sole discretion of the Executive at some time in the future?

Mr. KERR. No. It would have been triggered by certain events occurring, which then would have resulted in the President's discretion to put them in effect.

Mr. HOLLAND. Am I correct in my understanding that the second aspect of the Senate bill, against which I voted, is not contained in the present bill?

Mr. KERR. The Senator is correct.

Mr. HOLLAND. I thank the Senator. I will be glad to vote for the bill for this one reason. I was not able to vote for the Area Redevelopment Act for various reasons which will appear in the RECORD as of that time. I am not unwilling, but instead am very willing, to grant aid to areas in which there is heavy and long continued unemployment. The bill has for its essence the setting up of speedy public works programs of various kinds in areas of that sort. For that reason I shall support the bill.

Mr. KERR. I thank the Senator.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. ELLENDER. As I understand, the President could not merely select a project here and there, but the projects would have to be authorized by Congress.

Mr. KERR. The project must either be an authorized project—for example, a project under the Corps of Engineers, the Bureau of Reclamation, or sewage disposal,—or it must be an authorized program.

Mr. ELLENDER. That is what I wished to make certain.

Mr. KERR. The Senator is correct.

Mr. ELLENDER. It would have to be an authorized project under the law as it now exists.

Mr. KERR. Yes; or an authorized program which is provided for in the law. The Senator is correct.

Mr. LAUSCHE. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. LAUSCHE. The bill would change the formula under which participation of local and State governments would pay into the general fund needed to promote a project. In other words, if existing law provides a formula for the State to pay 66 percent and the Goverment 33 percent, of the cost of the project, under the bill the formula would be changed to 50 percent–50 percent.

Mr. KERR. Up to 50 percent–50 percent.

The language to which the Senator refers is the very essence of the bill. The very essence of the bill is to improve the economics insofar as the local community is concerned in connection with projects which are authorized and eligible, but which, because of its economic distress, the community cannot take advantage of. The very essence of the bill is to make it possible for the Federal Government to make a greater contribution, and thereby make it possible for a community to proceed with a project which it could now have if it had the money to put up the additional amount required under existing law.

Mr. LAUSCHE. But the language does not establish that fact. Whether the State does or does not have money, under the proposed legislation it would be entitled to participate by putting up less than it would have to put up under the old law. My difficulty is that under the separate programs—community facilities, area redevelopment, and others—great thought was given to the amount that the local and State governments should put up. We have suddenly come along with a new program. We would sweep aside, so far as the new program is concerned, all the requirements specifically set forth in specific programs of the past. I do not think we ought to do so in that way.

Mr. KERR. We would not sweep aside all restrictions or requirements. We would make it possible, insofar as the amount authorized under the bill is concerned, to increase Federal participation in programs. Projects of the Corps of Engineers usually require 100 percent participation by the Federal Government anyway, as would also a project of the Bureau of Reclamation. But with

reference to projects such as sewage disposal facilities and others in which local participation in excess of 50 percent is required, it would be possible for many communities in which economic distress is great to get additional participation by the Federal Government, requiring less participation by the local government.

Mr. LAUSCHE. I can understand the sincerity of the Senator's position, but regrettably I believe it is a mistake to change the basic formula. I will offer my amendment.

Mr. PROUTY. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. PROUTY. When the House report was issued, no section of Vermont was listed as a redevelopment area. Since that time, however, our three northeastern counties, Orleans, Caledonia, and Essex, have come under that classification. Is it the Senator's understanding that these counties would qualify under the revision?

Mr. KERR. Very definitely. They would be just as eligible as if they had been so designated before the bill was introduced.

Mr. PROUTY. I thank the Senator.

Mr. COOPER. The Senator from Ohio [Mr. LAUSCHE] raised a question concerning the share of the Federal Government in existing Federal-State programs. To the extent of whatever appropriations are made under this authorization, the areas which would be eligible for the grant-in-aid program would always be eligible for a grant of 50 percent; and in certain cases, where communities are found not to have the economic or financial capability to match a 50-percent grant, the Federal share could go to 75 percent.

The bill passed in the Senate provided for grants up to 90 percent for such communities. Therefore we have a reduction in the House substitute. The question which the Senator has raised was raised in committee when we first considered the original bill several weeks ago, and on the floor of the Senate when the Senate bill was passed. Amendments were offered to achieve the objective the Senator desires, but they were rejected.

Mr. LAUSCHE. I understand that amendments were offered in committee on the original bill, which sought to achieve the same objective that I have in mind, but those amendments were turned down.

Mr. COOPER. Yes; in committee and also on the floor. If we are to have a public works acceleration bill for distressed areas, we must have such a provision to reach the areas and State governmental subdivisions which do not have the financial capability to meet the 50-percent requirements; otherwise, the bill would be ineffective in those areas where it is most needed.

Mr. KERR. Mr. President, I renew my unanimous-consent request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLER. Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The Senator has a right to withdraw it.

Mr. LAUSCHE. Mr. President, I contemplate offering an amendment that would strike from the House amendments the language which alters the amount of money that local and State governments may post to qualify themselves for participation in the grants that are to be made.

On page 3 of the amendments pending before the Senate there are now provisions which would liberalize the requirement of moneys that must be posted by the local and State governments.

I contemplate offering an amendment that will keep all the existing laws in effect dealing with grants that the local and State governments must put up. The particular language that I shall ask to strike is as follows:

> Notwithstanding any provision of such law requiring the Federal contribution to the State or local government involved to be less than a fixed portion of the cost of a project, grants-in-aid may be made under authority of this section which bring the total of all Federal contributions to such project up to 50 per centum of the cost of such project, or up to 75 per centum of the cost of such project if the State or local government does not have economic and financial capacity to assume all of the additional financial obligations required.

To summarize, I do not see any reason why we should in this law change the formula of participation. If the existing formula is that the State or local government shall put up 66 percent, I do not believe that by this bill we should reduce the requirement to 50 percent.

I now offer my amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 3, line 19, of the House engrossed amendments to the bill, beginning with the word "except" strike out all down through the period on page 4, line 5, and insert in lieu thereof a period.

Mr. LAUSCHE. Mr. President, I have already stated my reason for offering the amendment. My judgment is that we ought not, in the pending bill, change a well-thought-out formula in requiring participation by States and local communities in the financing of projects. The area redevelopment bill, the community facilities bill, and other programs were carefully thought out, and specific requirements were imposed upon local and State governments. This bill contemplates eliminating those provisions.

It is argued that a community which is in financial distress and which it is contemplated to aid by giving it a greater contribution, must be aided if the project is to be deveolped. However, let us take a State with ample wealth. The law now requires that the State put up 66⅔ percent and that the Federal Government put up 33⅓ percent. In that instance there would be no reason to relieve the State of its two-thirds contribution. The reason is that it ought to continue its contribution of two-thirds of the cost of the project.

The pending bill, in effect, says, to a State or community. Even though you are wealthy, even though you can put up 66⅔ percent, we will relieve you of that responsibility and require you to put up only 50 percent."

I have offered my amendment because ever since I have been in the Senate I have noted that an effort is constantly made to keep reducing the local and State government's part of building the projects. Time and again bills are offered to reduce the amount. Efforts were made in some fields to increase the amount. I believe President Eisenhower tried to have it increased in one field, but his request was not listened to. My amendment is somewhat along the same line. I do not believe the time is at hand when we ought to begin, even in this special program, to change the basic requirements. That is what is attempted to be done in the pending bill.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. HRUSKA. In the summary of the bill which is on each Senator's desk, the last paragraph on page 2 reads:

> ADVANCE PLANNING
>
> S. 2965, as passed by the House would amend the public works planning program established by section 702 of the Housing Act of 1954 to waive repayment of a planning advance for any project, construction of which is initiated as a result of a grant made under this act.

Therefore, it is not a matter of reducing the contribution of the local agency; it is a matter of completely waiving it. Does the Senator's amendment cover this section as well?

Mr. LAUSCHE. It does not. I did not reach that section. My amendment deals only with the requirement that all existing laws shall prevail when a grant is made, except that the amount of the local and State contributions shall be lessened. I am trying to cure that part of the bill which provides that the amount required under existing law for State and local governments to contribute shall be changed. I did not reach this item, but the argument which I make is applicable to the item referred to by the Senator from Nebraska even with greater force than it is applicable to the items that I have tried to reach, because in my instance the percentage is changed, whereas in the instance mentioned by the Senator from Nebraska the local and State governments and others are completely released, according to what the Senator has stated.

Mr. HRUSKA. That is what the summary states, and I presume that that is what the bill provides.

Mr. LAUSCHE. I cannot understand this at all. In these times we should not change the formula. If we once change it, even though it applies to a special program, it will mean that we will have put the train on the rails and we will change it permanently.

Mr. HRUSKA. I am in sympathy with the Senator's amendment. I shall vote for it and support it, because I believe his reasoning is sound.

Mr. LAUSCHE. That is all I have to say.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was rejected.

Mr. LAUSCHE. Mr. President, to be consistent, I shall now offer an amendment to strike the last paragraph of the language just quoted by the Senator from Nebraska. I do not have it before me now, but I think the argument which I made applies with even greater force to that part of the bill.

Mr. KERR. Let me remind the Senator from Ohio that the only significance of the language that the Senator from Nebraska referred to is with reference to projects initiated as a result of grants under this act. The language referred to by the Senator from Nebraska does not relieve the local community of reimbursing the Federal Government for planning in advance. Many projects are carried forward under the law in accordance with which planning was made. The forgiveness of repayment of planning expense is limited to projects which may be constructed with money which Congress appropriates under this specific authorization.

Mr. HRUSKA. That is true; but that is in the part which the Senator from Ohio would like to reach by his amendment, is it not?

Mr. KERR. The Senator from Ohio has a right to offer his amendment. I wanted to be certain that he understood the very limited application of the language to which the Senator from Nebraska referred.

Mr. HRUSKA. It is not a repealer.

Mr. KERR. I hope the distinguished Senator from Ohio will not press his amendment.

Mr. LAUSCHE. What was the basic reasoning for making this exception?

Mr. KERR. It was thought by the committee, and I am sure by the House of Representatives, that if a local community were not in a position to put up a part of the cost of the project required under existing law, it might not be able to repay the advance the Government had made in connection with the planning of the project. The bill provides for communities which do not have the economic means to operate under existing law. If the project is in a community where the economic conditions are such that it is regarded as appropriate to make a contribution greater than that permitted under existing law, I am sure the Senator from Ohio can understand that such a community might lose the project merely because it could not reimburse the Government planning money. I do not believe he would want to have such a situation result.

Mr. LAUSCHE. Does the Senator from Oklahoma take the position that the language to which we are referring deals only with projects initiated under this program?

Mr. KERR. Under this specific act, and paid for with appropriations under this particular authorization; that is correct. It would not change the law at all with reference to any project built under existing law. This is money appropriated under a special authorization.

Mr. LAUSCHE. Does the Senator make his statement basing it upon this language:

> If construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act.

Mr. KERR. Under this act; that is correct.

Mr. LAUSCHE. I withdraw the amendment.

Mr. HRUSKA. Is section 6(a) the section by which that amount is made possible for these purposes?

Mr. KERR. Will the Senator tell me where the language is that he has in mind?

Mr. HRUSKA. What section is referred to in the last paragraph of page 2 of the summary which has been furnished Senators?

Mr. KERR. It is section 6(g), which reads:

> Notwithstanding any other provision of this section, no advance made under this section for the planning of any public works project shall be required to be repaid if construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act—

That act being the title of the bill.

Mr. HRUSKA. Senators have not been favored with copies of the amendments. I do not find copies of them on the desks of Senators. Certainly none is on my desk.

Mr. COOPER. I must agree that there has been great difficulty in securing copies of the House amendments, but I will try to answer the Senator's question. The reference we find in section 6 is as follows:

> Section 702 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:
>
> "(g) Notwithstanding any other provision of this section, no advance made under this section for the planning of any public works project shall be required to be repaid if construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act."

Mr. President, I ask unanimous consent that section 702 of the Housing Act of 1954, with the House amendment shown in black brackets as printed in the House report, be made a part of the RECORD.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

SECTION 702 OF THE HOUSING ACT OF 1954

(Public Law 560, 83d Cong.)

RESERVE OF PLANNED PUBLIC WORKS

SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain at all times a current and adequate reserve of planned public works the construction of which can rapidly be commenced, particularly when the national or local economic situation makes such action desirable, and (2) to help attain maximum economy and efficiency in the planning and construction of public works, the Administrator is hereby authorized to make advances to public agencies (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: *Provided,* That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned: *And provided further,* That advances outstanding to public agencies in any one State shall at no time exceed 12½ per centum of the aggregate then authorized to be appropriated to the revolving fund established pursuant to subsection (e) of this section.

(b) No advance shall be made hereunder with respect to any individual project, including a regional or metropolitan or other areawide project, unless (1) it is planned to be constructed within or over a reasonable period of time considering the nature of the project, (2) it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and (3) the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance or part thereof when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.

(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: *Provided,* That if the public agency undertakes to construct only a portion of a planned public work it shall repay such proportionate amount of the advances relating to the public work as the Administrator determines to be equitable: *And provided further,* That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per centum per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency.

(d) The Administrator is authorized to prescribe rules and regulations to carry out the purpose of this section.

(e) In order to provide moneys for advances in accordance with this section, the Administrator is hereby authorized to establish a revolving fund which shall comprise all moneys heretofore or hereafter appropriated pursuant to this section, together with all repayment and other receipts in connection with advances made under this section. There are hereby authorized to be appropriated to such revolving fund, in addition to the amount authorized by this section as originally enacted, the further amounts of 112,000,000 which may be made available to the revolving fund on or after July 1, 1956; $12,000,000 which may be made available to such fund on or after July 1, 1957; $14,000,000 which may be made available to such fund on or after July 1, 1958; $10,000,000 which may be made available to such fund on or after July 1, 1961; and such additional sums which may be made available from year to year thereafter as may be estimated to be necessary to maintain not to exceed a total of $58,000,000 in undisbursed balances in the revolving fund and in advances outstanding for plans in preparation or for completed plans with respect to projects which, in the determination of the Administrator, can be expected to be undertaken within a reasonable period of time.

(f) The Administrator is authorized to use during any fiscal year not to exceed $50,000 of the moneys in the revolving fund (established under subsection (e), to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State

and local public works: *Provided*, That the Administrator, in conducting any such survey, may utilize or act through any Federal department or agency with its consent.

[(g) Notwithstanding any other provision of this section, no advance made under this section for the planning of any public works project shall be required to be repaid if construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act.]

Mr. COOPER. Mr. President, I have investigated and studied to ascertain the meaning of section 6, adding a new subsection (g) to section 702 of the Housing Act.

Mr. HRUSKA. It is good to have such reassurance, but Senators will be called upon to vote a $900 million authorization; yet we have no copies of the amendments on our desks. It is not a very businesslike arrangement by which to proceed.

Mr. COOPER. I have been trying to obtain copies since last Friday, but have not been able to get any.

Section 702 of the Housing Act of 1954 provides that planning advances or loans may be made in order to encourage a reserve of planned public works. It provides that when construction of a project is started, the advance must be repaid.

Section 6 of the amendments of the House bill before us amends section 702 of the Housing Act by providing that such advances need not be repaid if construction is initiated as a result of a grant-in-aid made under the Public Works Acceleration Act. I think it was considered that if a project was determined eligible for a construction grant, the planning advances for the project could also be made a grant, if construction is actually started.

Mr. HRUSKA. I thank the Senator from Kentucky. His statement is reassuring.

The PRESIDING OFFICER (Mr. MUSKIE in the chair.) The question is on agreeing to the motion of the Senator from Oklahoma to concur in amendments of the House of Representatives.

The motion was agreed to.

The PRESIDING OFFICER. That completes the consideration of the amendments of the House.

Mr. MILLER. Mr. President——

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. KERR. I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oklahoma to lay on the table the motion of the Senator from Montana to reconsider. [Putting the question.]

Mr. MILLER. Mr. President——

The PRESIDING OFFICER. The motion to lay on the table is agreed to.

Mr. MILLER. Mr. President——

The PRESIDING OFFICER. The Senator from Iowa.

Mr. MILLER. What is the pending business?

The PRESIDING OFFICER. There is no pending business at the present time.

Mr. MILLER. May I inquire what was the original motion to which the motion to reconsider was offered?

The PRESIDING OFFICER. It was the motion of the Senator from Oklahoma to concur in the amendments of the House.

Mr. MILLER. The bill has not been finally passed, has it?

The PRESIDING OFFICER. The Senate has agreed to the amendments of the House. That completes the legislative action on the measure.

Mr. MILLER. Does not the Senate then have to pass the bill as amended?

The PRESIDING OFFICER. The Senate's consideration of the measure is now completed.

Mr. MILLER. I was on my feet seeking recognition at the time the question was put.

The PRESIDING OFFICER. The Chair was putting the question on the motion of the Senator from Oklahoma and did not hear the Senator from Iowa.

Mr. MANSFIELD. Mr. President, I believe there are some Senators who wish to have a yea-and-nay vote taken on this question. I ask unanimous consent that the action taken by the Senate be rescinded, and that a yea-and-nay vote be taken within 10 minutes afterward.

The PRESIDING OFFICER (Mr. MUSKIE in the chair). Is there objection?

Mr. KERR. Mr. President, reserving the right to object, let me ask whether the effect of the unanimous-consent request of the Senator from Montana is that the only matter left for decision would be the question of concurring in the amendments of the House of Representatives.

Mr. MANSFIELD. Yes, in 10 minutes.

Mr. KERR. Is that satisfactory to the Senator from Iowa?

Mr. MILLER. In responding to the question, let me say that I wished to speak for about 7 or 8 minutes on this question, and I had several questions to ask.

Mr. MANSFIELD. Mr. President, I renew my request, and change the time to 15 minutes, to be equally divided between the Senator from Iowa [Mr. MILLER] and the Senator from South Carolina [Mr. THURMOND].

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Senator from Iowa is recognized for 7½ minutes.

Mr. MILLER. Mr. President, I should like to ask the Senator from Oklahoma several questions, in reflecting the legislative intent. I read from page 4 of the House amendments:

If the State or local government does not have economic and financial capacity to assume all of the additional financial obligations required.

Let me ask the Senator from Oklahoma what will be used to determine whether the State or local government has the financial capacity. Has any legislative record been made on this point?

Mr. KERR. Section 3 of the House amendments provides:

For the purposes of this section, the term "eligible area" means—

(1) those areas which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least nine of the preceding twelve months; and

(2) those areas which are designated by the Secretary of Commerce under subsections (a) and (b) of section 5 of the Area Redevelopment Act as "redevelopment areas."

Mr. MILLER. Let me refer the Senator from Oklahoma to page 4, line 3. I believe the phrase to which I referred is to be found there. The Senator will note that the phrase used there is:

If the State or local government does not have economic and financial capacity.

The question I should like to have answered, so that we may have a little legislative history on this point, is, What tests will be used? I believe the House amendments are silent on that point.

Mr. KERR. If the Senator from Iowa will read farther down on page 4, he will find the following language:

The President shall prescribe rules, regulations, and procedures to carry out this section which will assure that adequate consideration is given to the relative needs of eligible areas. In prescribing such rules, regulations, and procedures, the President shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment, and (2) the income levels of families and the extent of underemployment in eligible areas.

Mr. MILLER. But let me point out that what the Senator from Oklahoma has read really has no bearing on the financial capacity of a State or local government.

I should like to point out that there may be two local governments, and each may have the same relative need. But the determination may be made that one has a financial need greater than the other. Perhaps that financial need is based upon a bonding requirement that the local voters have adopted, whereas the voters of the other local government have not decided to have bonds issued. Is the Federal Government to determine, by the vote of some local citizens who rejected a proposed bond issue, that the necessary financing is not available, and that therefore the Federal Government is to pour funds into that local area? Should not there be something more concrete than the mere statement "financial ability"?

Mr. KERR. I must say to my good friend the Senator from Iowa, that I think the language of the House amendments is adequate to give the guidelines in which the Senator from Iowa is interested. For example, on page 5, paragraph (h) provides:

The criteria to be used by the Secretary of Labor in determining areas of substantial unemployment for the purposes of paragraph (1) of subsection (a) of this section shall be the criteria established in section 6.3 of title 29 of the Code of Federal Regulations as in effect May 1, 1962.

With reference to the specific provisions, I read now from page 4, beginning in line 2:

Or up to 75 per centum of the cost of such project if the State or local government does not have economic and financial

capacity to assume all of the additional financial obligations required.

It seems to me to be a matter of decision by the agency of government having jurisdiction of the project to be initiated, and that in the exercise of such jurisdiction the affected administrator would be controlled by the language with reference to the criteria to be used in determining areas of substantial unemployment and the criteria, as included, for determining—

those areas which are designated by the Secretary of Commerce under subsections (a) and (b) of section 5 of the Area Redevelopment Act as "redevelopment areas."

Mr. MILLER. Let me ask this question: Would not the Senator from Oklahoma agree that when the local agency of government has a bonding authorization and when the local citizens are to decide, by voting, whether there shall be a bond issue, that is not within the concept of financial need or is outside the purview of need for financial assistance, where self-help is possible?

Mr. KERR. In my judgment, under the language of this measure, if a local unit of government had unused bonding capacity which it could use, but has declined to use, that would render it ineligible for this additional amount up to 75 percent.

Mr. MILLER. I thank the Senator from Oklahoma; that is very responsive to my question.

My second question is with reference to projects which can be substantially completed within 12 months. The Senator from Pennsylvania [Mr. CLARK] and the Senator from Oklahoma had a colloquy on that point last Friday.

I wish to bring out a further point; namely, is it not the intention that the completion be by means of the use of normal operating methods, rather than through the use of overtime?

Mr. KERR. I would not be in a position to answer that question in the affirmative, because if the Senator from Iowa will refer to the House amendments on page 4, paragraph (f) will be found to read as follows:

Funds allocated by the President under this section shall be available only for projects—

(1) which can be initiated or accelerated within a reasonably short period of time; * * *

The PRESIDING OFFICER. The time available to the Senator from Iowa has expired.

Mr. MILLER. Mr. President, I ask unanimous consent that I may have 2 additional minutes.

Mr. MANSFIELD. Mr. President, I must object, because the agreement was that half of the time would be allotted to the Senator from South Carolina [Mr. THURMOND]. If he wishes to yield some of his time, that is another matter.

Mr. THURMOND. How much time have I?

Mr. MANSFIELD. Seven and one-half minutes.

Mr. THURMOND. I yield 1 minute, if it is understood that I may have 6½ minutes.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 1 more minute.

Mr. MILLER. I yield to the Senator from Oklahoma, who is about to answer my question.

Mr. KERR. I have read from subsection (f), at the bottom of page 4. I do not find in the House amendments anything which would prohibit the payment of overtime.

Mr. MILLER. I thank the Senator from Oklahoma.

Mr. President, I have a statement on the bill. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MILLER

THE $900 MILLION IMMEDIATE PROGRAM

The President of the United States has promised the people a balanced budget for the next fiscal year. This promise was made with the realization that inflationary pressures generated by the deficit of several billion dollars for the last fiscal year and the estimated deficit of several billion dollars for the current fiscal year will cause a further loss in value of our money, a further increase in the cost of living, and a weakening of confidence on the part of foreign creditors leading to a further drain on our precariously low gold reserves.

The $900 million authorization for an immediate public works program was not included by the President in his budget. No witnesses before the committee provided assurance that the addition of such an expenditure would not unbalance the President's budget. Indeed, due to unfavorable economic reports, there is serious doubt that the anticipated revenue on which the balanced budget was premised will materialize. To add to the spending requested by the budget would only make the situation worse.

It would seem that other items of Federal expenditure contained in the budget might have a lower priority than the $900 million immediate public works program contained in S. 2965. However, the President has not indicated which budget expenditure items, if any, should be eliminated or reduced to make room for this $900 million expenditure to help relieve the unemployment problem. If he would do so, it would do much to dismiss the inference now present that the $900 million expenditure lacks priority.

Although the proposed bill appears to contain safeguards against wasteful expenditures of Federal moneys by requiring that a project "meet an essential public need," testimony from the Director of the Area Redevelopment Administration reveals that once a local community has classified a project as a "need now" project, the only standard used at the Federal level is "first come, first served." Recognizing that the ARA has not had much time to perfect its procedures, it would seem that the terms "essential public need" and "need now" should be more meaningful in their application. For example, a so-called "need now" project submitted by one community may have only been "needed" for a year or two. Still, it would take priority over a "need now" project submitted later by another comunity even though it had been "needed" for 10 years.

If we believe in the capitalistic economic system which has provided the United States with the highest standard of living in the world, then it is to private business that we must look for sustained job opportunities for the millions of unemployed who are walking the streets looking for jobs—not to federally aided public works projects. Proof positive of this was furnished by the Administrator of the Area Redevelopment Administration, who pointed out that economic recovery in the case of the Carbondale, Ill., ARA project related to private business, "which is providing permanent jobs"; whereas the "public facility" projects envisioned by the $900 million immediate public works program "do not have as much benefit as the loan in the Carbondale area, which was to a private business."

But continued serious deficits, loss in value of our money, increased costs of living leading to demands for wage increases, squeezes on profits which would otherwise provide capital investment required for business expansion, and new job opportunities—these factors discourage private business. Indeed, private investment in fixed assets dropped $1 billion during the calendar year 1961. So the President's promise of a balanced budget was clearly in the national interest. More important is delivery on that promise, and I, for one, do not propose to take action which will prevent him from doing so.

There is latent in the bill the possibility of diluting the beneficial effects through the use of overtime payments. The distinguished Senator from Oklahoma [Mr. KERR] has frankly stated that overtime payments should not be ruled out under the language of the bill. This means that, in order for a project to come within the concept of one which can be substantially completed within 12 months, the payment of overtime to insure such completion might be considered. I believe this would be wrong. What the bill is designed to do, insofar as unemployment is concerned, is to relieve the greatest number—to spread the beneficial results of employment to the greatest number, rather than having a smaller number receive benefits through payment of overtime.

Mr. President, I am anything but a pessimist, but history shows that public works legislation has not had a sustained favorable impact on unemployment. This cure was tried during the Roosevelt administration in the thirties, but unemployment nevertheless remained terribly high until World War II bailed us out of the depression. Continued deficit spending and inflation discouraged the growth of private business needed to provide sustained high employment. The figures below should be a warning to those voting for passage of this bill, particularly in light of the billion dollar deficits of the past 2 years and the expected billion dollar deficit for the current year. I include a table, setting forth the situation on unemployment, Federal employees added to the payroll, Federal deficit, and spending on public works during the years 1933 through 1940, in the RECORD at this point in my remarks:

Unemployment—Deficit spending table

Year	Unemployed	Percent unemployed	Federal employees added	Annual Federal deficit	Spending on public works
	Thousands			*Billions*	*Millions*
1933	12,830	24.9	−2,966	$2.6	$442
1934	11,340	21.7	98,354	3.6	698
1935	10,610	20.1	86,595	2.8	883
1936	9,030	16.9	126,407	4.4	729
1937	7,700	14.3	49,013	2.8	1,024
1938	10,390	19.0	−2,643	1.2	783
1939	9,480	17.2	83,206	3.9	992
1940	8,120	14.6	212,421	3.9	948
Net total increase			650,387	--------	6,499

In conclusion, Mr. President, let me point out that on February 1, 1961, there were 2,358,141 employees on the Federal payroll. By the end of July 1962, this figure had grown to 2,511,025—an increase of 152,884. Thus we see, with the passage of this bill, the familiar pattern established in the

thirties, and there is nothing whatsoever to indicate that the effect will be any different. At a time when there is talk of increasing international tensions, when our national defense budget is seeking ever higher levels, and when we are involved in a deadly economic competition with the Soviets, I think we ought not to be passing legislation which fails to meet the real cause of unemployment.

Mr. THURMOND. Mr. President, if I know the temper of the Senate, it will approve S. 2965. However, I can see no justification for passing it, and desire to make a few remarks to set out my position on this bill.

The primary purpose of this measure, which authorizes the appropriation of $900 million for public works projects, is to combat unemployment. In the guise of doing this, Congress is abdicating its traditional role of determining what public works programs and projects shall be undertaken by the National Government and the policies relative thereto.

It is highly unlikely that the bill will accomplish its stated purpose of providing immediate employment for the unemployed and generally create jobs in areas of underemployment. At the time when this measure was originally introduced, the country was in a period of recession and unemployment was higher than usual. Since that time, however, the economic complexion of the country has changed for the better and unemployment has dropped from the high of 5 million for the first quarter of 1961 to 3.8 million for the second quarter of 1962. The outlook is brightening and the prospects for improvement are encouraging. This bill if enacted will only add to the deficit and impede a faster economic recovery. The unemployment picture has improved to such an extent that the President, relying largely on this factor, declined to ask Congress for a "quickie" tax cut this year. This is a strong argument in opposition to the pending proposal.

The expenditure of the $900 million which is authorized to be appropriated by this bill will necessitate further deficit financing and thereby increase our national debt. From September 1 of last year until September 1 of this year the national debt has increased by over $8 billion so that it is now over $301 billion. This measure will necessitate a further increase in the debt ceiling. No part of the $900 million authorized to be appropriate by this bill is contained in the budget, and therefore it will be an unexpected increase in a deficit which will be very large as things now stand. This bill will promote the trend of the continuing decline in the value of the dollar. The decline in purchasing power which results from the steady decline in the value of the dollar further accentuates the imbalance between consumption of goods and services and the productive capacity of the Nation, which naturally contributes to unemployment. In the long run, the inflationary effects of this measure will far outweigh the benefits which are claimed it will have in solving the unemployment problem.

At the end of this past fiscal year there were billions of dollars in unobligated balances of existing appropriations, which, if used wisely, would go a long way toward solving this problem. This is money which Congress has already appropriated for various programs, but which has not been put to use.

Under the provisions of this bill, the President is authorized to use the funds provided for the construction of any Federal public works project, either civil or military, which has been authorized by Congress. He may also use the money for any public works projects of States and local governments for which Federal financial assistance is otherwise authorized. This would give the President the power to initiate a public works project which may have been authorized 20 or 30 years ago, but which has never been sufficiently justified before the Appropriations Committee to have specific funds allocated to it. Thus the President could completely bypass the appropriation processes of Congress and order the construction of projects which would not be financed if reviewed and studied by Congress in the discharge of its constitutional responsibilities to appropriate funds. The Public Works Committee is presently considering several different projects for inclusion in an omnibus bill. It is apparent that the same end could be accomplished by that committee, and by increasing specific programs by specific amounts in areas of underemployment. In this way, Congress could retain its traditional authority and there would be no need for the giveaway of this vast amount of power to the President.

Mr. MANSFIELD. Mr. President, how much time have I left?

The PRESIDING OFFICER. One minute.

Mr. MANSFIELD. I yield the 1 minute to the Senator from Louisiana [Mr. LONG.]

PERSONAL STATEMENT

Mr. LONG of Louisiana. Mr. President, I rise to a point of personal privilege. The Wall Street Journal of today states that the junior Senator from Louisiana proposes to filibuster against H.R. 10 in the event his amendment is not retained in conference. A similar statement was made by that publication last Friday. Ordinarily I do not complain about such statements. However, I made no such threat. I have done my share of filibustering in this session. There will be no further filibustering on the part of the junior Senator from Louisiana and I trust that the Wall Street Journal will set the record straight.

STANDBY AUTHORITY TO ACCELERATE PUBLIC WORKS PROGRAMS OF FEDERAL, STATE, AND LOCAL PUBLIC BODIES

The Senate resumed the consideration of the amendments of the House of Representatives to the bill (S. 2965) to provide standby authority to accelerate public works programs of the Federal Government and State and local public bodies.

Mr. COOPER subsequently said: Mr. Preisdent, I ask unanimous consent to have printed in the RECORD prior to the vote on the public works acceleration bill a statement which I have prepared.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR COOPER

A study of the progress of the public works bill through the Senate and House this year gives ample evidence of responsible action by Republicans in tightening its provisions. In the areas of total money authorized, manner of financing, and standby authority, Republicans in both Houses worked, and were in many cases successful, to make the bill a more responsible and effective piece of legislation.

1. The bill requested by the administration and originally presented to the Senate Public Works Committee included $2 billion in standby authority—$750 million to departments responsible for Federal public works programs, $750 million for grants-in-aid programs of public works, $250 million for loans for the State share of those programs, and $250 million for supplemental needs divided among the Federal and grant-in-aid programs. In addition, Senator CHAVEZ, chairman of the committee, offered an amendment to authorize up to $600 million for an immediate public works program, which was supported by the administration.

In committee, I moved and was supported by the other minority members, that only the Chavez amendment be reported to the Senate as the public works bill. In other words, we approved the spending of $600 million for an immediate program, but opposed the authorization of $2 billion for the standby program. The amendment was defeated in committee by the majority members, and the bill as reported to the Senate included both the standby authority, and $600 million immediate authority.

Before the Senate took up the bill, I think largely because of the work of minority members of the Public Works Committee, Senator KERR offered for the majority members of the committee, an amendment which reduced the $2 billion standby authority to $750 million, but which increased the immediate program from $600 to $750 million. Republicans, led by the late Senator Case, continued to offer amendments on the floor which would have eliminated the standby program, and cut the immediate authority back to the $600 million recommended by the President and approved by the committee. Senator KERR's proposal was adopted, however, and as the bill went to the House, the $2.6 billion requested by the administration had been cut by $1.1 billion to $1.5 billion, $750 million of which was allocated for the controversial standby program.

The House Public Works Committee, and last week the House itself, supported the position of the minority members of the Senate Public Works Committee and most Senate Republicans. By a vote of 221 to 192, substituting the bill recommended by the House Public Works Committee for the Senate bill, the House eliminated the standby program and authorized $900 million for an immediate program. Thus, the program suggested by the administration has at this point been cut from $2.6 billion to $900 million—a reduction of $1.7 billion or two-thirds—largely because of the points brought out by Republicans that such a vast expenditure for a pilot program is irresponsible and unnecessary.

2. Republicans also acted responsibly in opposing the original method of financing. As presented to the Public Works Committee, the President could, after determining an

acceleration period, cause the unobligated balances of appropriations, contract authorizations, revolving funds, and other authorizations to expend from public or corporate debt receipts available to departments and agencies such as the Federal Deposit Insurance Corporation, the Federal Home Loan Bank, and even the World Bank, to be transferred to accounts of other departments and agencies or to some new agency to be used to carry out the purposes of the standby act. Agencies would have been required to turn over to whatever agency was established to administer the expenditure of the $2 billion, funds that Congress had provided for their uses, whether or not they desired to do so. In the Senate Committee on Public Works I moved, supported by Republican members, to strike this irresponsible method of financing, proposed by the administration—but our motion was defeated by the Democratic majority on the committee. Once the proposal was understood, the Senate agreed that this unique method of financing could be detrimental to the security of many agencies. On the Senate floor, this financing proposal was abandoned quickly by the majority, and the bill was amended to authorize appropriations for the standby program in the regular manner, largely as a result of united Republican opposition to the bizarre scheme.

The bill which was passed by the Senate today is a much better bill than that originally presented to the Senate by the administration, and was improved at every stage by responsible Republican action.

I am for a public works program, and I am concerned about unemployment in areas which have been left behind. I know that in the long run, the ability to provide jobs for our people depends on a strong economy. Basic measures are needed such as tax reform, tax reduction and the elimination of unnecessary expenditures to give the people confidence in our economy. But the proposed bill represents a new attempt to relieve unemployment, and I think it can be useful as an auxiliary measure in areas where people are unemployed. We must not forget these people, who through no fault of their own, cannot find work. We must help them.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oklahoma [Mr. KERR] that the Senate agree to the House amendments. The yeas and nays have been ordered, and the Clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. BARTLETT], the Senator from North Dakota [Mr. BURDICK], the Senator from Nevada [Mr. CANNON], the Senator from Louisiana [Mr. ELLENDER], the Senator from California [Mr. ENGLE], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Indiana [Mr. HARTKE], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Montana [Mr. METCALF], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Florida [Mr. SMATHERS], and the Senator from Massachusetts [Mr. SMITH] are absent on official business.

I further announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Colorado [Mr. CARROLL], the Senator from Idaho [Mr. CHURCH], the Senator from Alaska [Mr. GRUENING], the Senator from Wyoming [Mr. HICKEY], the Senator from Missouri [Mr. LONG], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I further announce that, if present and voting the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. BARTLETT], the Senator from North Dakota [Mr. BURDICK], the Senator from Nevada [Mr. CANNON], the Senator from Colorado [Mr. CARROLL], the Senator from Idaho [Mr. CHURCH], the Senator from California [Mr. ENGLE], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Texas [Mr. GORE], the Senator from Alaska [Mr. GRUENING], the Senator from Indiana [Mr. HARTKE], the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. HICKEY], the Senator from Alabama [Mr. HILL], the Senator from Missouri [Mr. LONG], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Florida [Mr. SMATHERS], the Senator from Massachusetts [Mr. SMITH], and the Senator from Missouri [Mr. SYMINGTON] would each vote "yea."

On this vote, the Senator from Montana [Mr. METCALF] is paired with the Senator from New Hampshire [Mr. MURPHY]. If present and voting, the Senator from Montana would vote "yea," and the Senator from New Hampshire would vote "nay."

On this vote, the Senator from Oklahoma [Mr. MONRONEY] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Kansas would vote "nay."

On this vote, the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from South Dakota [Mr. BOTTUM]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from South Dakota would vote "nay."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN] is absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. BOTTUM], the Senator from Indiana [Mr. CAPEHART], the Senators from New Hampshire [Mr. COTTON and Mr. MURPHY], the Senator from Illinois [Mr. DIRKSEN], the Senator from Hawaii [Mr. FONG], the Senator from New York [Mr. JAVITS], the Senator from Kentucky [Mr. MORTON] and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

If present and voting, the Senator from Vermont [Mr. AIKEN], and the Senator from New York [Mr. JAVITS] would each vote "yea."

On this vote, the Senator from South Dakota [Mr. BOTTUM] is paired with the Senator from Louisiana [Mr. ELLENDER]. If present and voting, the Senator from South Dakota would vote "nay" and the Senator from Louisiana would vote "yea."

On this vote, the Senator from Hawaii [Mr. FONG] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from Hawaii would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Kentucky [Mr. MORTON] is paired with the Senator from New Hampshire [Mr. COTTON]. If present and voting, the Senator from Kentuck would vote "yea," and the Senator from New Hampshire would vote "nay."

On this vote, the Senator from New Hampshire [Mr. MURPHY] is paired with the Senator from Montana [Mr. METCALF]. If present and voting, the Senator from New Hampshire would vote "nay," and the Senator from Montana would vote "yea."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Oklahoma [Mr. MONRONEY]. If present and voting, the Senator from Kansas would vote "nay," and the Senator from Oklahoma would vote "yea."

The result was announced—yeas 45, nays 22, as follows:

[No. 250 Leg.]

YEAS—45

Beall	Jackson	Moss
Bible	Johnston	Muskie
Boggs	Jordan, N.C.	Pastore
Byrd, W. Va.	Keating	Pell
Case	Kefauver	Prouty
Chavez	Kerr	Proxmire
Clark	Kuchel	Randolph
Cooper	Long, Hawaii	Russell
Dodd	Long, La.	Scott
Douglas	Magnuson	Sparkman
Eastland	Mansfield	Talmadge
Ervin	McCarthy	Wiley
Hart	McGee	Williams, N.J.
Holland	McNamara	Yarborough
Humphrey	Morse	Young, Ohio

NAYS—22

Allott	Hruska	Smith, Maine
Bush	Jordan, Idaho	Stennis
Butler	Lausche	Thurmond
Byrd, Va.	McClellan	Tower
Carlson	Miller	Williams, Del.
Curtis	Mundt	Young, N. Dak.
Goldwater	Robertson	
Hickenlooper	Saltonstall	

NOT VOTING—33

Aiken	Dirksen	Javits
Anderson	Ellender	Long, Mo.
Bartlett	Engle	Metcalf
Bennett	Fong	Monroney
Bottum	Fulbright	Morton
Burdick	Gore	Murphy
Cannon	Gruening	Neuberger
Capehart	Hartke	Pearson
Carroll	Hayden	Smathers
Church	Hickey	Smith, Mass.
Cotton	Hill	Symington

So Mr. KERR's motion was agreed to.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. RANDOLPH. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from West Virginia to lay on the table the motion by the Senator from Montana to reconsider the vote, by which the Senate concurred in the amendments of the House.

The motion to lay on the table was agreed to.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, earlier today the Senate granted a unanimous-consent request that, when it concludes its deliberations today, it adjourn to meet at 10 o'clock tomorrow morning. At this time I ask unanimous consent that the time for meeting be changed to 11 o'clock tomorrow morning, instead of 10 o'clock.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1776, and that the Senate disagree to——

Mr. President, I withdraw that motion, because the Senator who offered the particular amendment with which I wanted to move to disagree is not in the Chamber, and I notice "amendments" are to be considered. We will wait, and consider that bill later.

AMENDMENT OF PERISHABLE AGRICULTURAL COMMODITIES ACT, 1930, RELATING TO PRACTICES IN MARKETING PERISHABLE AGRICULTURAL COMMODITIES

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1037) to amend the provisions of the Perishable Agricultural Commodities Act, 1930 relating to practices in the marketing of perishable agricultural commodities, which were, on page 1, strike out all after line 2, over through and including line 4, on page 2, and insert:

That paragraphs (6) and (7) of the first section of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a), are amended to read as follows:

"(6) The term 'dealer' means any person engaged in the business of buying or selling in wholesale or jobbing quantities, as defined by the Secretary, any perishable agricultural commodity in interstate or foreign commerce, except that (A) no producer shall be considered as a 'dealer' in respect to sales of any such commodity of his own raising; (B) no person buying any such commodity solely for sale at retail shall be considered as 'dealer' until the invoice cost of his purchases of such commodity in any calendar year are in excess of $100,000; and (C) no person buying any such commodity for canning and/or processing within the State where grown shall be considered a 'dealer' whether or not the canned or processed product is to be shipped in interstate or foreign commerce, unless such product is frozen or packed in ice, or consists of cherries in brine, within the meaning of paragraph 4 of this section. Any person not considered as a 'dealer' under clauses (A), (B), and (C) may elect to secure a license under the provisions of section 3, and in such case and while the license is in effect such person shall be considered as a 'dealer';

"(7) The term 'broker' means any person engaged in the business of negotiating sales and purchases of any perishable agricultural commodity in interstate or foreign commerce for or on behalf of the vendor or the purchaser, respectively, except that no person shall be deemed to be a 'broker' if such person is an independent agent negotiating sales for and on behalf of the vendor and if the only sales of such commodities negotiated by such person are sales of frozen fruits and vegetables;".

SEC. 2. The first section of such Act (7 U.S.C. 499a) is further amended by adding at the end thereof the following new paragraphs:

"(9) The term 'responsibly connected' means affiliated or connected with a commission merchant, dealer, or broker as (A) partner in a partnership, or (B) officer, director, or holder of more than 10 per centum of the outstanding stock of a corporation or association;

"(10) The terms 'employ' and 'employment' mean any affiliation of any person with the business operations of a licensee, with or without compensation, including ownership or self-employment."

On page 2, line 5, strike out "SEC. 2." and insert "SEC. 3."; on page 2, line 13, strike out all after "$50" down through and including "$25" in line 17; on page 3, line 7, strike out "SEC. 3." and insert "SEC. 4."; on page 3, line 24, strike out "SEC. 4" and insert "SEC. 5."; on page 4, line 1, strike out "SEC. 5." and insert "SEC. 6."; on page 5, line 5, strike out "SEC. 6." and insert "SEC. 7."; on page 6, line 11, strike out "SEC. 7." and insert "SEC. 8."; on page 6, line 14, strike out "SEC. 8." and insert "SEC. 9."; on page 7, line 10, strike out "SEC. 9." and insert "SEC. 10."; on page 7, line 20, strike out "SEC. 10." and insert "SEC. 11."; and on page 9, line 13, strike out "SEC. 11." and insert "SEC. 12.".

Mr. HOLLAND. Mr. President, I move that the Senate disagree to the amendments of the House, request a conference with the House of Representatives thereon, and that the Chair appoint conferees on the part of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.

The motion was agreed to; and the Presiding Officer apponted Mr. JOHNSTON, Mr. ELLENDER, Mr. HOLLAND, Mr. AIKEN, and Mr. YOUNG of North Dakota conferees on the part of the Senate.

FISH AND WILDLIFE BENEFITS

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1815, H.R. 1171.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 1171) to assure continued fish and wildlife benefits from the national fish and wildlife conservation areas by authorizing their appropriate incidental or secondary use for public recreation to the extent that such use is compatible with the primary purposes of such areas, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce, with amendments, on page 2, line 23, after the word "hatcheries", to strike out "and" and insert "game ranges, and other"; on page 3, line 12, after the word "upon", to strike out "the wildlife populations" and insert "fish and wildlife populations and management operations"; at the beginning of line 18, to insert "in existence or approved by the Migratory Bird Conservation Commission as of the date of enactment of this Act"; on page 4, line 1, after the word "stamps", to insert "Lands acquired pursuant to this section shall become a part of the particular conservation area to which they are adjacent."; in line 14, after the word "reasonable", to strike out "charges, fees, and" and insert "charges and fees and issue"; in line 18, after the word "purposes", to strike out "of this Act"; and in line 19, after the amendment just stated, to insert "The Secretary may issue regulations to carry out the purposes of this Act.".

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the amendments be agreed to en bloc, and that the bill as thus amended be treated as original text for the purpose of further amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, there will be no further action taken on the bill today.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. KUCHEL. Under the unanimous-consent agreement entered into, by which the committee amendments were agreed to, I assume there would be no parliamentary difficulty in one of my colleagues offering an amendment subsequently.

Mr. MANSFIELD. Oh, no.

Mr. WILLIAMS of New Jersey subsequently said: Mr. President, I submit an amendment to H.R. 1171 to assure continued fish and wildlife benefits from the national fish and wildlife conservation areas by authorizing their appropriate incidental or secondary use for public recreation to the extent that such use is compatible with the primary purposes of such areas, and for other purposes. I ask that the amendment may be printed and not read and that the text of the amendment be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, the amendment will be printed without reading.

The amendment is as follows:

At the end of the bill, insert the following:

"SEC. 6. Section 9(a) of the Trading With the Enemy Act, as amended, is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided further*, That upon a determination made by the President, in time of war or during any national emergency declared by the President, that the interest and welfare of the United States require the sale of any property or interest or any part thereof claimed in any suit filed under this subsection and pending on or after the date of enactment of this proviso the Alien Property Custodian or any successor officer, or agency may sell such property or interest or part thereof, in conformity with law applicable to sales of property by him, at any time prior to the entry of final judgment in such suit. No such sale shall be made until thirty days have passed after the publication of notice in the Federal Register of the intention to sell. The net proceeds of any such sale shall be deposited in a special account established in the Treasury, and shall be held in trust by the Secretary of the Treasury pending the entry of final judgment in such suit. Any recovery of any claimant in any such suit in respect of the property or interest or part thereof so sold shall be satisfied from the net proceeds of such sale unless such claimant, within sixty days after receipt of notice of the amount of net proceeds

Public Law 87-658
87th Congress, S. 2965
September 14, 1962

An Act

To provide authority to accelerate public works programs by the Federal Government and State and local bodies.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Works Acceleration Act". Public Works Acceleration Act.

SEC. 2. (a) The Congress finds that (1) certain communities and areas in the Nation are presently burdened by substantial unemployment and underemployment and have failed to share fully in the economic gains of the recovery from the recession of 1960–1961 and (2) action by the Federal Government is necessary, both to provide immediate useful work for the unemployed and underemployed in these communities and to help these communities, through improvement of their facilities, to become more conducive to industrial development and better places in which to live and work. The Nation has a backlog of needed public projects, and an acceleration of these projects now will not only increase employment at a time when jobs are urgently required but will also meet longstanding public needs, improve community services, and enhance the health and welfare of citizens of the Nation. 76 STAT. 541. 76 STAT. 542.

(b) The Congress further finds that Federal assistance to stimulate public works investment in order to increase employment opportunities is most urgently needed in those areas, both urban and rural, which qualify as redevelopment areas because they suffer from persistent and chronic unemployment and economic underdevelopment, as well as in other areas which have suffered from substantial unemployment for a period of at least twelve months.

SEC. 3. (a) For the purposes of this section the term "eligible area" means— "Eligible area."

(1) those areas which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least nine of the preceding twelve months; and

(2) those areas which are designated by the Secretary of Commerce under subsections (a) and (b) of section 5 of the Area Redevelopment Act as "redevelopment areas". 75 Stat. 48. 42 USC 2504.

(b) The President is authorized to initiate and accelerate in eligible areas those Federal public works projects which have been authorized by Congress, and those public works projects of States and local governments for which Federal financial assistance is authorized under provisions of law other than this Act, by allocating funds appropriated to carry out this section— Authority.

(1) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the construction of Federal public works projects, and

(2) to the heads of the departments, agencies, and instrumentalities of the Federal Government responsible for the administration of laws authorizing Federal financial assistance to public works projects of States and local governments.

(c) All grants-in-aid made from allocations made by the President under this section shall be made by the head of the department, agency, or instrumentality of the Federal Government administering the law authorizing such grants, and, except as otherwise provided in this subsection, shall be made in accordance with all of the provisions of such law except (1) provisions requiring allocation of funds among the States, and (2) limitations upon the total amount of such grants for any period. Notwithstanding any provision of such law requiring the Federal contribution to the State or local government involved to be less than a fixed portion of the cost of a project, grants-in-aid Grants-in-aid.

may be made under authority of this section which bring the total of all Federal contributions to such project up to 50 per centum of the cost of such project, or up to 75 per centum of the cost of such project if the State or local government does not have economic and financial capacity to assume all of the additional financial obligations required.

Appropriations.

(d) There is hereby authorized to be appropriated not to exceed $900,000,000 to be allocated by the President in accordance with subsection (b) of this section, except that not less than $300,000,000 shall be allocated for public works projects in areas designated by the Secretary of Commerce as redevelopment areas under subsection (b) of section 5 of the Area Redevelopment Act.

76 STAT. 542.
76 STAT. 543.

75 Stat. 48.
42 USC 2504.

Rules and regulations.

(e) The President shall prescribe rules, regulations, and procedures to carry out this section which will assure that adequate consideration is given to the relative needs of eligible areas. In prescribing such rules, regulations, and procedures the President shall consider among other relevant factors (1) the severity of the rates of unemployment in the eligible areas and the duration of such unemployment and (2) the income levels of families and the extent of underemployment in eligible areas.

Restrictions.

(f) Funds allocated by the President under this section shall be available only for projects—

(1) which can be initiated or accelerated within a reasonably short period of time;

(2) which will meet an essential public need;

(3) a substantial portion of which can be completed within twelve months after initiation or acceleration;

(4) which will contribute significantly to the reduction of local unemployment;

(5) which are not inconsistent with locally approved comprehensive plans for the jurisdiction affected, wherever such plans exist.

(g) Not more than 10 per centum of all amounts allocated by the President under this section shall be made available for public works projects within any one State.

(h) The criteria to be used by the Secretary of Labor in determining areas of substantial unemployment for the purposes of paragraph (1) of subsection (a) of this section shall be the criteria established in section 6.3 of title 29 of the Code of Federal Regulations as in effect May 1, 1962.

Sec. 4. (a) No part of any allocation made by the President under this Act shall be made available during any fiscal year to any State or local government for any public works project, unless the proposed or planned total expenditure (exclusive of Federal funds) of such State or local government during such fiscal year for all its capital improvement projects is increased by an amount approximately equal to the non-Federal funds required to be made available for such public works project.

(b) No part of any allocation made by the President under this Act shall be made available for any planning or construction, directly or indirectly, of any school or other educational facility.

75 Stat. 174.
42 USC 1492.

Sec. 5. (a) Paragraph (4) of subsection (b) of section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to any financial assistance to be extended under subsection (a) of this section for the purpose of financing any project for public works or facilities to be initiated or accelerated as the result of a grant-in-aid from an allocation made by the President under section 9 of the Public Works Acceleration Act."

(b) Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof the following new subsection: 42 USC 1492.

"(e) The Administrator is authorized to make a grant-in-aid from any allocation made for such purpose by the President under section 9 of the Public Works Acceleration Act to any public entity described in clause (1) of subsection (a) of this section of not to exceed 50 per centum of the cost of construction of any project for public works or facilities, if such project would be eligible (without regard to the restrictions and limitations of subsections (b) and (c) of this section) for financial assistance under clause (1) of subsection (a) of this section in accordance with the rules and regulations of the Administrator (as in effect on the date of enactment of this subsection) relating to the types of public works and facilities to which such assistance may be extended." 76 STAT. 543. 76 STAT. 544.

SEC. 6. Section 702 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection: 69 Stat. 641; 73 Stat. 686.

"(g) Notwithstanding any other provision of this section, no advance made under this section for the planning of any public works project shall be required to be repaid if construction of such project is initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act." 40 USC 462.

Approved September 14, 1962, 9:40 a.m.

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